

VALUE FOR MONEY (VFM) SELF ASSESSMENT YEAR ENDED 31 MARCH 2014



'To make a positive difference'

INDEX

1. Who is Rosebery & what's the purpose of this self assessment?	3
2. What is VFM?	3
3. What are the Rosebery Objectives?	3
4. Why is VFM so important?	4
5. VFM objectives / stakeholder matrix	4
6. How do we manage and monitor VFM	5
7. What properties do we hold and how have they performed? – Cost & Creativity*	7
8. Delivering New Homes – Choice & Cost	9
9. Social Value – Creativity	10
10. Customer satisfaction – what are our residents telling us? – Cost & Creativity	12
11. Repairs & Maintenance – how are we doing? – Cost	13
12. Anti Social Behaviour (ASB) – service review and outcomes – Cost & Creativity	14
13. VFM Savings – Cost	15
14. How much do we spend on managing our properties and how do we compare – Cost	16
15. Overall Financial Performance – Cost	19
16. Staff Investment – People & Cost	20
17. Targets for 2014/15	21
18. Feedback	22

***Text highlighted in purple indicates the corporate objective**

Appendices – Case Studies

Appendix 1 – Tenancy Sustainment Officer Work.....	23
Appendix 2 – 'Making a Difference' Project.....	24
Appendix 3 – Sheltered Scheme Christmas Lunches	27
Appendix 4 – Brighter Futures Fund.....	28

1. Who is Rosebery and what's the purpose of this self assessment?

Rosebery is an LSVT (Large Scale Voluntary Transfer) from Epsom & Ewell Borough Council and exists to provide a choice of quality homes to those that find the open market beyond their reach. It also delivers a wide range of services and ensures that those services to both current and future customers are efficient, effective and achieve standards of excellence. Rosebery delivers sustainable communities through healthy and positive partnerships with the aims of providing solutions to local problems and challenges, and bringing out the best in people and agencies.

Rosebery is committed to working in partnership with stakeholders in its areas of operation, but predominantly recognises Epsom and Ewell as the 'heartland'. Epsom and Ewell is a relatively affluent area with pockets of inequality and as the major landlord in the area Rosebery is committed to working with partners to reduce those inequalities.

The delivery of our core purpose is designed to meet customers changing needs, to help shape a place where people want to live and work and '*to make a positive difference*'.

This assessment is aimed at our residents, stakeholders and staff, to set out how we are doing in providing an efficient, cost effective service for all our customers. Sections 1 to 6 give detail and background to our approach to VFM, Sections 7 and 8 cover our properties both present and future, Sections 9 and 10 analyse Customer satisfaction and community impact, Sections 11 and 12 cover specific service reviews, Sections 13 to 15 cover financial data, Section 16 details our staff investment whilst Section 17 covers the targets for 2014/15.

2. What is VFM?

Value for Money means managing our resources economically, efficiently and effectively to provide quality services and homes – put simply it is business efficiency. We measure VFM in the context of meeting our objectives as detailed above. We aim to fulfil our objectives by implementing the strategic direction outlined in the Corporate Plan with each reflecting our vision '*To make a positive difference*'.

3. What are the Rosebery Objectives?

Rosebery's key objectives are:

- ⊙ **Choice:** to provide a range of affordable, quality homes and services ensuring choice where possible
- ⊙ **Cost:** to provide excellent service at a suitable price recognising Value for Money principles
- ⊙ **Creativity:** to bring added value to the communities where we work
- ⊙ **People:** to develop our people to achieve our and their potential

We aim to fulfil our objectives by implementing the strategic direction outlined in the Corporate Plan with each reflecting our vision '*To make a positive difference*'.

4. Why is VFM so important?

There is a greater emphasis on VFM, due mostly to the need to stretch significantly reduced public funding, so that development can continue and therefore increase the provision of affordable housing. In the current economic environment of increasing costs of funds and the impact of the proposed welfare benefit reforms, VFM has a crucial role to play. It contributes to the headroom required in long-term business plans to enable development to continue, and to improve service standards for our customers so that they receive VFM for the rent they pay.

5. VFM objectives / stakeholder matrix

Value for Money has a different emphasis for each of our stakeholders.

- ⊙ **Residents:** Current residents want their homes properly maintained and an efficient service. New residents want new homes giving them a choice of tenure and house type.
- ⊙ **Staff:** Staff are to feel valued and motivated in order to reach their potential.
- ⊙ **Funders:** Funders focus on the overall financial performance and viability of the organisation and also on the condition of the properties on which their loans are secured.
- ⊙ **Taxpayer:** As we have historically received substantial capital grant from government and also receive Housing Benefit as a substantial part of our rental income, we owe a duty to the taxpayer to ensure that we are maximising this investment both in financial and social terms.

Detailed below is our VFM matrix showing the relationship between VFM, and the objectives of both Rosebery and our stakeholders

VFM Objectives / Stakeholder Matrix				
OBJECTIVE	COST	CHOICE	CREATIVITY	PEOPLE
STAKEHOLDER				
RESIDENTS	Assets	New Homes	Social Value	
	Repairs			
	ASB		ASB	
	Customer Satisfaction		Customer Satisfaction	
	VFM Gains			
STAFF				Staff Investment
FUNDERS	Assets			
	Financial Performance			
	Cost Per Unit			
	VFM Gains			
TAXPAYER	Assets	New Homes		
	Cost Per Unit			
	Financial Performance			

6. How do we manage and monitor VFM

Value for Money is core to the way that we operate and shouldn't be confused with simply taking the cheapest option. It helps us to achieve our objectives and is inseparable from our business strategy. The Rosebery Board has overall responsibility for direction and governance. The key areas for managing and monitoring VFM are as follows:

- ⊙ Annual cycle of review and approval of the Corporate Plan
- ⊙ Annual cycle of review & approval of the budget and 30 year business plan
- ⊙ Annual review and approval of the VFM policy and strategy
- ⊙ Review and approval of the Asset Management strategy
- ⊙ Review of operational Key Performance Indicators (KPI's)
- ⊙ Review of monthly management accounts
- ⊙ Robust risk management process
- ⊙ The VFM Steering Group meets every 6-8 weeks to monitor delivery of the VFM strategy. The Steering Group membership includes a Board champion and resident representation
- ⊙ This Group reports to Audit Committee, Board and Resident Scrutiny panel on progress. The Resident scrutiny panel monitor performance and report directly to Board. VFM is a key criterion in Board reports and Resident Scrutiny Panel audits (see below)
- ⊙ Annual benchmarking of our services via Housemark
- ⊙ Service reviews

Resident Led Scrutiny

When a customer satisfaction survey in 2010 told us that almost half of our customers didn't feel we took their views into account we knew it was time for radical change.

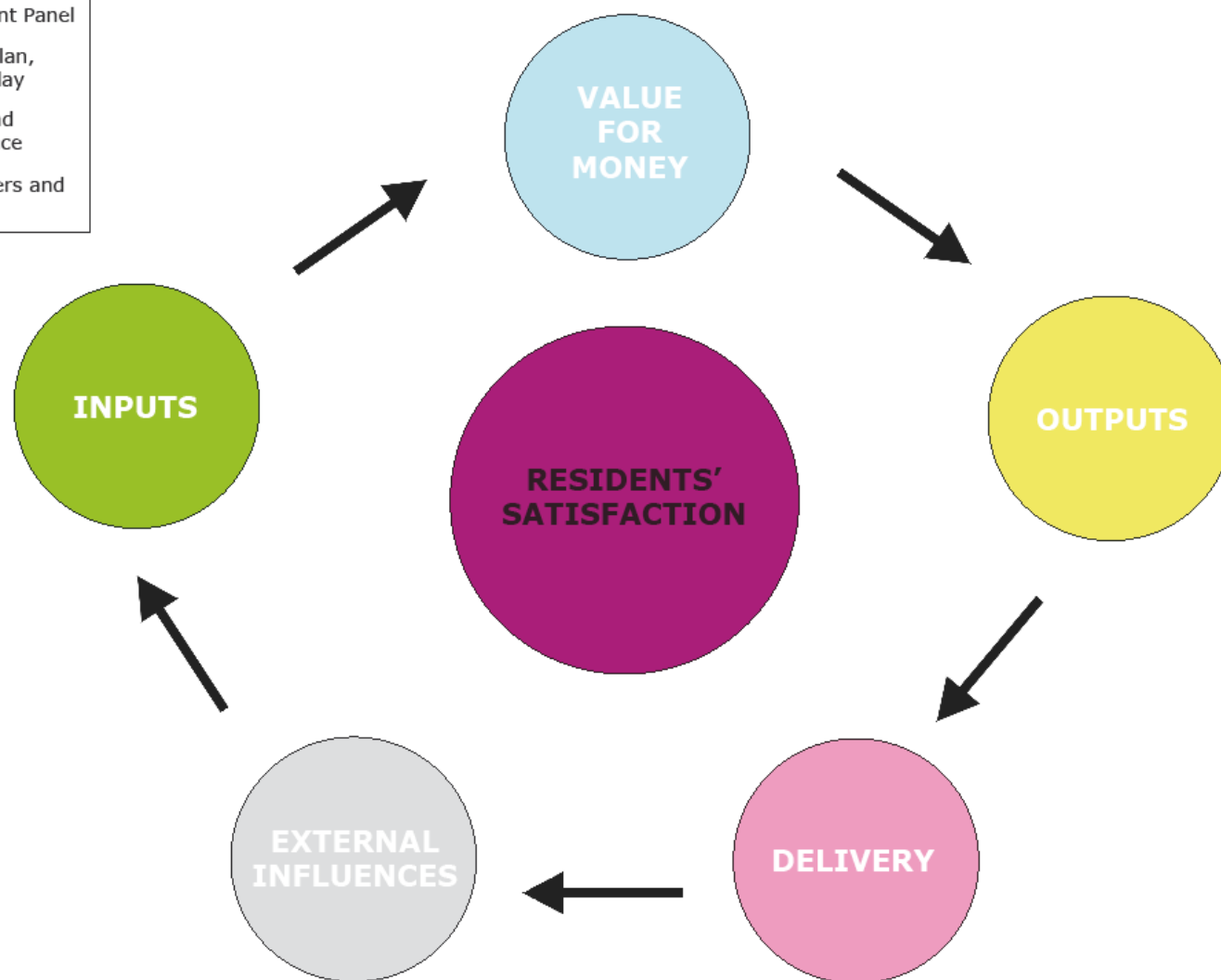
The introduction of the new Regulatory Frame work, with the ethos of co-regulation and resident scrutiny, gave us the ideal platform to transform our traditional approach to resident involvement to something new.

Our vision is 'To make a positive difference'; so we decided it was time to do things very differently. With the support of residents we collapsed the 'Consumer Review Panel', our traditional resident's forum that operated as a consultative group, with limited authority, receiving policies and performance information before it went to Board. Information was presented to them by officers and they had neither the power nor (in some instances) the confidence to demand anything different or challenge the information provided.

The Residents' Panel launched in April 2011; it's very different now with a clear position within the organisation's governance structure and the power to hold the Board and Executive to account. Residents are selected by a rigorous recruitment process before joining the Panel and are supported by a programme of training and development which ensures they develop the necessary skills to effectively challenge and scrutinise services.

Making 135 improvements across 5 different services in 18 months it's to the credit of every member of Rosebery's Resident Panel that they seized an opportunity to effect positive change to the benefit of all. They've gone further and achieved far more than was ever anticipated.

Detailed overleaf is graphical representation of the VFM management and delivery process.



7. **What properties do we hold and how have they performed?** **– Cost & Creativity**

- ⊙ Rosebery is an LSVT (Large Scale Voluntary Transfer) from Epsom & Ewell Borough Council. This transfer took place in 1994 and comprised 1,470 General Needs and Sheltered properties, and 638 Garages.
- ⊙ To ensure the investment in resident's homes remain up to date and thereby ensuring a quality home, we update our stock condition data regularly. Our performance in providing quality homes is measured by 'Decent Homes' compliance which is 100%. Over the last 3 years we've invested £12.4m in repairing and maintaining the quality of our properties.
- ⊙ Are we holding the right assets? As part of our Asset Management strategy we are undertaking the following appraisals:
 - Portfolio review – appraises particular sections of our property portfolio to understand returns both financial and social to ensure that we're maximising both. In 2014/15 we'll be appraising our Temporary Accommodation portfolio.
 - Voids review – each property as it becomes void (vacant when a resident leaves) is appraised to assess the various options available – conversion to another tenure type, reconfiguration or disposal. This appraisal considers the amount of work needed to bring the property up to our quality standard, the geographical location and impact on management cost and potential disposal proceeds. The financial element of this appraisal compares the NPV (Net Present Value of future cash flows) and rent achievable of these options to help inform the decision.
 - 'Outlier'– this is an appraisal of properties outside of our normal geographical area of operations, to understand the returns in light of increased management time and cost. These appraisals also include properties where there has been historic or forecast above average investment to make informed decisions on retention or disposal.

⊙ Property values

Our stock is valued by independent external valuers on behalf of our lenders. Properties are valued on the basis of their current use as social housing, not open market value. Increasing values indicates increased returns, sound investment and quality homes. Rosebery had a valuation carried out in April 2013, the previous one being May 2010.

- **Average Value per property in May 2010 - £48k**
- **Average Value per property in April 2013 - £59k**

This demonstrates an increase in value of 22% over a 3 year period which is well above the rate of inflation. The above value per property figures may appear low but does reflect their use as social housing properties generating sub market rent levels of income. As a benchmark this compares to an average value for Elmbridge Housing Trust (another Registered Provider in the Surrey area) of £64k which includes some properties at the higher Affordable Rent levels.

- ⊙ Our properties have an average SAP rating of 73.2 against sector average of 63.8 in 2011 (based on English House Survey 2011-2012).
- ⊙ Detailed below is a table which details our Property Numbers together with operating surplus and return on cost.

	General Needs	Housing for the elderly	Shared Ownership	Temporary Accommodation	Keyworker	Total	Temporary Accommodation	Total Social Housing
				Owned			Leased	
No of Properties	1,709	185	217	98	4	2,213	69	2,282
% of owned stock	77.2%	8.4%	9.8%	4.4%	0.2%			
Income (£'000)	10,245	1,210	1,329	979	28	13,791	689	14,480
Operating surplus (excluding impairment) £'000	3,482	266	895	427	10	5,080	300	5,380
Operating surplus %	34%	22.0%	67.3%	43.6%	35.7%	36.8%	43.6%	37.2%
Capital Cost £'000 (excluding WIP)	62,275	6,246	19,113	7,067	374	95,075		95,075
Return on Assets	5.6%	4.3%	4.7%	6.0%	2.7%	5.3%		

- ⊙ Our General Needs stock is analysed in the table below. This highlights the following
 - The large concentration of stock in Epsom
 - 60% of our General Needs properties are 1 and 2 bed properties
 - 48% of our General Needs properties are flats
 - 34% of our General Needs properties are 3 bed houses

Borough							
Size	Crawley	EEBC	Guildford	Runnymede	Tandridge	Total	
1b f	–	380	6	12	6	404	24%
1b h	–	27	–	–	–	27	2%
2b f	–	363	–	–	2	365	21%
2b h	1	198	7	5	2	213	12%
3b f	–	59	–	–	–	59	3%
3b h	–	556	15	–	16	587	34%
4b h	–	50	1	–	–	51	3%
5b h	–	3	–	–	–	3	0%
	1	1636	29	17	26	1709	
	0%	96%	2%	1%	2%		

- ⊙ Our General Needs stock contains no affordable rent so the operating surplus and return on assets represent a healthy return.
- ⊙ Our Housing for older people is comprised mainly of 3 sheltered schemes - John Gale Court, Norman Colyer Court and Tomlin Court. This stock shows a poorer comparative return due to the higher cost of running sheltered schemes.
- ⊙ Our Shared ownership stock represents the unsold portion of a shared ownership property after the first tranche sale has been made. The high operating surplus is due to the lower cost base as the obligation for routine and planned maintenance rests with the resident and there are (generally) lower management charges associated with this type of tenure.
- ⊙ Our Temporary Housing stock comprises 98 owned units and 69 leased units. The return on temporary accommodation shows a better comparative return due to the higher rent levels. Of the leased properties, 53 are leased from Guildford Borough Council, 13 from Epsom & Ewell Borough Council and 4 are private sector leases. Temporary Accommodation will be the subject of a detailed portfolio review in 2014/15 (see Section 17 Target 2014/15).
- ⊙ Our Keyworker stock comprises 4 properties at Maritime Court.

8. **Delivering New Homes – Choice & Cost**

- ⊙ Providing new homes is crucial in the context of the current shortage in housing supply. Rosebery takes its responsibility to provide new homes seriously and although we don't boast a large programme, it's a key strategic aim of the Board.
- ⊙ During the year we delivered 26 new homes at our Noble Park development. 16 were for General Needs rental and 9 were Shared Ownership providing vital assistance to those wishing to get onto the 'property ladder'.



- ⊙ The average build cost per square metre of these new homes was £1,576 per m2. This benchmarks against similar Section 106 developments in Surrey with a cost per m2 ranging from £1,867 to £1,874.
- ⊙ The homes were built to the Code for Sustainable Homes Level 3, exceeding Building Regulation requirements and leading to a lower detrimental impact on the environment than homes built to a lower standard.
- ⊙ The homes were built to 'Lifetime Homes' standards. This means they are more easily adaptable to residents whose physical condition becomes impaired during their residence.
- ⊙ The homes all meet part 2 of 'Secured By Design' criteria meaning that they're more secure than homes not built to that standard.
- ⊙ We reserved 80% of the Shared Ownership homes before they were completed, reducing the cost of development and increasing revenue because they're void for a shorter period after Practical Completion.
- ⊙ £2m of Shared Ownership first tranche sales was generated in 2013/14 providing a vital 'cash churn' for the organisation.
- ⊙ We carry out marketing of our Shared Ownership in-house as opposed to using external agents. This has generated savings of £24k.

9. **Social Value - Creativity**

As a social landlord and business of social purpose, delivering VFM is not just purely financial but also for the social value that we deliver to the community. Social value is difficult to quantify and impact assessments play an important role in measuring social VFM. The impact of this social value is demonstrated in the 3 case studies included as Appendices 1, 2 and 3.

From April 2013 we invested in two new posts to develop and deliver our 'tenancy sustainment offer'. These posts have four objectives which are:

- ⊙ **Tackle the challenge of Welfare Reform**
- ⊙ **Address Digital Exclusion**
- ⊙ **Increase Financial Inclusion**
- ⊙ **Tackle worklessness**

Detailed below are some examples of the achievements of our Tenancy Sustainment Officers (TSOs) during the first year:

- ⊙ In tackling the impact of Welfare Reform we've successfully accessed Discretionary Housing Payments (DHP) available from the borough and gained over £25k in payments to support the sustainability of tenancies that would otherwise be at risk. We have expanded the use of DHP payments and in one case successfully applied for a payment of £6k of DHP by contending that this was for homelessness prevention and would be in the interest of all parties including the Local Authority. This resulted in a mother and her two children keeping their home, avoiding homelessness with all the emotional disruption and additional cost to the tax payer.
- ⊙ We held a Job Fair which was attended by 97 people and resulted in 15 referrals to ETHOS (Employment, Training & Housing Options Support) who give further 1:1 support to help people into work. It was also attended by Local and National businesses including Metro Bank, Sainsbury's and Asda as well as partner organisations such as The Job Centre Club, The National Careers Service and Surrey Volunteers Centre.

- ⊙ We started the year with 131 households affected by Bedroom Tax. We've been able to reduce this to 111 through downsizing initiatives. The average arrears for these affected households are less than £50 per household.
- ⊙ We were the lead partner with 4 other Social Housing providers to hold a series of Mutual Exchange Events. The aim was to facilitate more exchanges especially for those affected by Welfare Reform and to raise awareness of the options available. Events were held by each of the providers and Rosebery's had the highest attendance of 80 residents.

See Appendix 1 for a Case Study highlighting the impact of the work of our TSOs

We can't deliver sustainable communities by working in isolation and we recognise that through healthy and positive partnerships we can deliver so much more. We work in partnership with a number of third sector and voluntary organisations to reduce inequality and increase opportunity. We do this by:

- ⊙ Providing funding to Surrey Lifelong Partnership to support the delivery of the ETHOS employment support. Since July last year ETHOS has successfully worked in 1:1 sessions with 37 of our residents. To date, 10 of these have gained work as a result of this support and 12 have been enrolled in accredited training.
- ⊙ Following the Job Fair that we held in March, 16 referrals were made to ETHOS. Two of these customers have now teamed up to support each other into work. One has qualifications in business management and the other is looking to start up a business. By working together one of them is hoping to start a successful enterprise in the local community and the other to gain some valuable experience to assist them into full time employment.
- ⊙ The launch of Rosebery's Job Club, which will be taking place every Wednesday for 2 hours. There'll be up to 15 spaces available in the first instance.
- ⊙ In addition to this, one of our residents is working with ETHOS to develop a career in giving professional support and guidance themselves with a specialism in people with Mental Health issues. The individual had struggled for many years with poor mental health which had brought an end to a successful career as a trainer.
- ⊙ Providing funding to the Citizens Advice Bureau towards the cost of a specialist debt advisor, who can provide an enhanced level of service beyond the volunteer CAB advisor team. This ensures priority access for Rosebery customers with multiple and complex debt to the specialist service. 26 Rosebery residents accessed the specialist debt service in 2013 for advice and support in dealing with rent arrears, benefit adjustments, budgeting, council tax arrears and non-priority debt.
- ⊙ We've provided Community Digital Hubs in 3 local children's centres to provide free and accessible access to digital services for the local community.

Listening to and acting upon feedback from our residents is key to delivering our objectives. As part of the STATUS survey residents told us that their biggest priority was 'to make the area a more attractive place to live'. This resulted in our 'Making a

Difference' project in 2012/13. The MaD project involved a budget of £1.2m spent on environmental improvements across our estates and communities. Over 1,500 households directly benefited from a variety of improvements an example of 'making a positive difference'.

See Appendix 2 for a Case Study of the 'Making a Difference' Project

Supporting our more vulnerable residents is crucial. An example of this is the Christmas lunches provided in our sheltered schemes in conjunction with one of our contractor partners who funded these events. The Case Study is detailed in Appendix 3.

Added value is provided for our customers with 3 of our Neighbourhood Officers being accredited 'Trusted Assessors' trained to assess and prescribe simple solutions or basic equipment to meet the needs of an individual. Nine properties benefited from minor works arranged by these trained staff.

In order to help our residents into employment we've set up the 'Brighter Future' Fund. Examples of the use of this fund are included in Appendix 4.

10. Customer satisfaction – what are our residents telling us? – Cost & Creativity

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
% of tenants satisfied with landlord services overall	86.5%	85.1%	↑	3	89.7%
% of tenants satisfied that their views are taken into account	75.9%	80.0%	↓	2	80.5%
% of tenants satisfied with complaints handling	53.3%	46.1%	↑	3	76.4%
% of tenants satisfied with complaints outcome	60.0%	46.1%	↑	2	66.7%
% of tenants satisfied with estate services	82.5%	80.5%	↑	4	89.7%
% of tenants satisfied that estate services are value for money	71.3%	73.0%	↓	4	76.0%

- ⊙ Our annual year on year measures of customer satisfaction are telling us that we're improving, except with taking customers' views into account and value for money for estate services, with falls of 4.1% and 1.7% respectively.

- ⊙ Our residents have told us that they were unhappy with the way we communicated and delivered the planned works programmes in 2013/14 and this is reflected across all repairs and maintenance services when asking satisfaction with views being taken into account.
- ⊙ To make sure customer views are taken into account for future planned works programmes, we've invited residents who were dissatisfied with the 2013/14 programme to work with us on the specification, customer care and liaison requirements for future contracts, as well as choosing the kitchen supplier and resident choice options (see section 17 Targets for 2014/15).
- ⊙ Similarly customer satisfaction with the quality of estate services (up 4.4% to 82.5%) have improved year on year but satisfaction with value for money of estate services has fallen. Our Resident Scrutiny Panel completed a service charges review and told us that we need to improve the quality and clarity of information about service charges and what customers are paying for. Delivering against their recommendations is one of the ways we'll target improvement in satisfaction with value for money of estate services (see section 17 Targets for 2014/15).

11. Repairs & Maintenance – how are we doing? - Cost

- ⊙ In the Status survey in 2010, 72% of our residents prioritised this as the most important service we provide.

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
Average direct cost per responsive repair	£133	£132	↓	3	£98
Responsive repairs ave direct cost per property	£440	£430	↓	2	
Ave No responsive repairs per property	3.3	3.3	↔	1	
Average cost per Void	£3,217	£3,604	↑	4	£1,693
Voids ave direct cost per property	£278	£311	↑	2	
% of properties with a valid gas safety certificate	100.0%	100.0%	↔	1	100.0%
% of repairs completed 1st time	98.4%	97.3%	↑	1	95.0%
Appointments kept as a % of appointments made	99.8%	99.5%	↑	1	99.5%
% of tenants satisfied with repairs and maintenance	90.2%	88.3%	↑	1	89.9%

- ⊙ We've focussed on this area and have achieved increasing satisfaction and performance over the year. The next stage is to reduce cost drivers. A review of alternative cost models and delivery will be undertaken to drive down expenditure whilst retaining current performance and satisfaction (see section 17 Targets for 2014/15).
- ⊙ At Rosebery we're close to our residents and acting on the instinct of the Resident Scrutiny Panel members that the repairs service is slipping in early 2014/15, we're revisiting their July 2012 review of repairs and maintenance and ensuring that their recommendations remain alive, identifying any gaps or slippage for a refreshed action plan for the coming year.

12. **Anti-Social Behaviour (ASB) – service review and outcomes – Cost & Creativity**

- ⊙ Our residents were unhappy with our performance on ASB and a review of ASB was undertaken by the Resident Scrutiny Panel, completing in February 2013. The Panel made 27 recommendations of which 10 related to communications, 2 to the Rosebery website, 4 to staff and training, 7 to procedure and process and 4 to software and systems. 23 of the Panel's recommendations have now been implemented (the Panel subsequently agreed that it wasn't possible to introduce 3 recommendations and 1 is still in progress).
- ⊙ In November 2013 the Neighbourhood Team produced an internal operational ASB Improvement Plan with 15 actions. 4 of these are on-going but the remaining 11 have all been completed.

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
% of residents satisfied with the way their ASB complaint was dealt with	55.8%	40.0%	↑	4	81.5%
% of residents satisfied with the outcome of their ASB complaint	55.8%	40.0%	↑	4	81.5%
% resolved cases	98.0%	74.1%	↑	1	97.5%

- ⊙ Although performance for both the way ASB was dealt with and the outcome is lower quartile, both show a year on year improvement with the performance in Quarter 4 2013/14 just over 69% for satisfaction with handling of ASB cases, and nearly 54% for satisfaction with the outcome of ASB cases.
- ⊙ External cost of managing ASB during 2013/14 was £1k compared to £3k in 2012/13.
- ⊙ The number of cases dealt with during the year was 174 of which 30 remained as open cases at year end (17%). In 2012/13, 87 cases were dealt with of which 25 remained open at the year end (29%).

- ⊙ During the year Rosebery adopted the use of a Risk Matrix for each ASB case reported to us. The purpose is to ensure that Rosebery uses a person centred approach to dealing with all cases of ASB so that those residents who are most vulnerable receive a response appropriate to their circumstances, rather than the type of ASB being experienced. As a result of this a very rapid response was provided to an elderly resident whose wife suffered from mental health problems and had started to self-harm as a result of minor noise experienced from their neighbour exercising in the flat above.

13. VFM Savings - embedding the culture - Cost

- ⊙ We maintain a VFM log which is available for all staff to update and evidence VFM savings. Staff are encouraged to challenge established methods of working to encourage efficiencies.
- ⊙ Savings Log - £142k savings
 - a. Void turnaround time - £87k – see Section 14
 - b. New bank deposit account – increased interest received on cash balances - £4k (£36k annualised). Cash held for future development has been placed on a higher interest earning deposit account. The cashflow process allows for the anticipation of cash surpluses improving the ability of the Association to plan its cash management and increase interest earned.
 - c. Reduced Secretarial consultancy - £16k. Systems and controls implemented in recent years have streamlined governance processes resulting in a reduced requirement for company secretarial support.
 - d. In House marketing of Shared Ownership sales - £24k – See Section 8.
 - e. Other £11k.
- ⊙ VFM investment. Delivering VFM gains has allowed for the following investment to be made whilst maintaining the overall strong financial performance
 - Additional investment in staff resource - The following roles have been included within the Business Plan:
 - Information Technology Manager. This is a Fixed Term contract (FTC) role to deliver the digital strategy covering digital inclusion for residents, 'e' offering and mobile working for staff.
 - Tenancy Audit Officer. This is a FTC role to deliver an updated profile of our residents to enable targeted assistance for the various impacts of Welfare benefit reforms.
 - Development Project Manager. This is a FTC role up to and including 2018/19 to help manage the office move and the delivery of the Garage site development schemes.
 - Health & Safety Compliance Manager. This is a new full time role reflecting the increased focus on Health & Safety across the business.
 - Corporate Services Manager role to cover governance, HR and communication matters.
 - Enhancements to existing roles - there are enhancements to the roles of Business Analyst, Financial Controller and Head of Asset Management to reflect the changing needs of the business and the sector environment.
 - Major investment in IT has been included within the Business Plan to deliver further efficiencies and improved service to our customers. This includes:

- Website redesign
- Customer relationship and document management software
- Stock condition and Asset Management software
- Digital inclusion projects for our residents
- Enable Remote working for staff.

14. *How much do we spend on managing our properties and how do we compare - Cost*

- ⊙ We base this analysis on the average Social Housing letting Cost per unit. This information is derived from the Financial Statements (note 3 operating costs of social housing lettings) and looks at the average cost per unit adjusted for 'one off' non-recurring exceptional items. These items are dilapidation provision for our existing office, costs incurred in merger talks during the year and the provision for impairment. These items are not forecast to re-occur in the future.

£			
Unit cost analysis £	2013/14	2012/13	Yr on Yr
Management (including overheads)	1302	1090	(213)
Services	368	309	(58)
Routine Maintenance	538	560	22
Planned maintenance/major repairs	544	661	117
Bad debts	17	18	1
Property lease & rent	92	90	(2)
Depreciation of housing properties	531	559	28
Impairment of housing properties	203	0	(203)
Ave cost per unit	3,594	3,286	(308)
Less exceptional cost re dilapidations	(56)	(95)	
Less exceptional cost re merger	(74)		
Less exceptional cost re impairment	(203)		
Adjusted average cost per unit	3,261	3,192	69
Average cost per unit 2011		2,857	

The above shows that there's been a year on year increase (after adjusting for exceptional items) of £69 per unit. In 2012 the HCA (Homes & Communities Agency) produced an analysis of Housing providers 2011 costs. This showed that the Social Housing lettings net cost per unit was £2,857. This figure excluded depreciation of properties, impairment and lease costs. Adjusting our Gross cost per unit (pre deduction of exceptional costs) to provide a like for like comparison

gives a cost per unit of £2,768 - 3.1% lower than the average figure published by the HCA for 2011. This difference will be greater adjusting the HCA figure for inflation.

- Arrears %

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
Current GN & HfOP arrears % of yearly rent debit	2.3%	2.5%	↑	1	2.4%

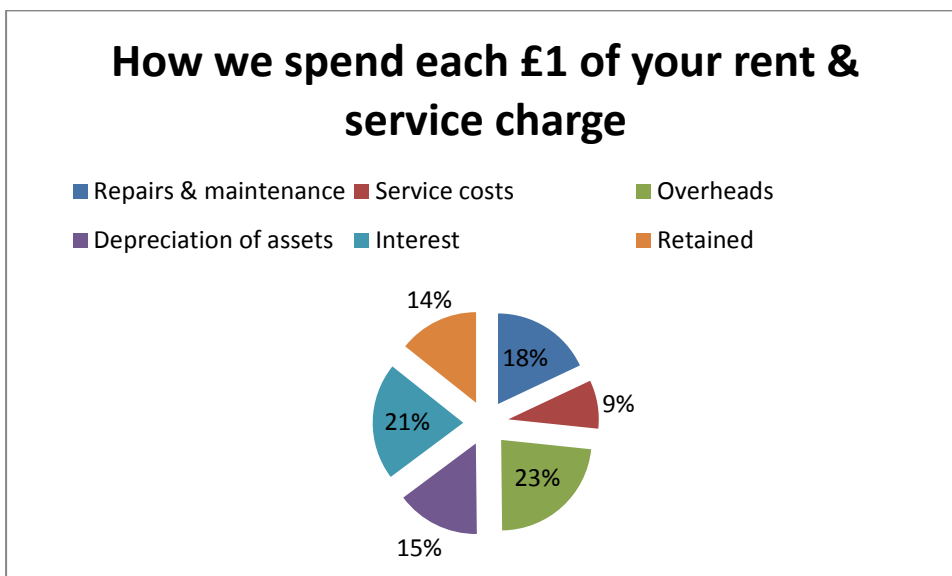
The improved arrears management has resulted in a reduction in arrears of £24k. This is better than upper quartile performance and will become increasingly important as the effects of direct payment of Housing Benefit to residents is introduced as part of the Welfare benefit reforms programme.

- Void turnaround

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
Average GN void turnaround time (days)	13.8	18.4	↑	1	16.9

Void turnaround time is the time taken between a resident handing in their keys to the next resident taking up occupation. Minimising this time reduces the amount of time when we're not receiving rent ('void loss'). The improvement in the void turnaround time has resulted in a saving of £87k of reduced void rent loss.

- How we spend £1 of our residents rent



- **Overheads** – at 23p in the £ this represents the largest area of spend. This comprises staff, offices and professional fees.
- **Interest** – 21p in the £. This represents what we have to pay to our funders for loans which finance our property holdings.
- **Repairs & maintenance** – 18p in the £. This represents spend on maintaining our properties to high standard.
- **Depreciation of assets** - 15p in the £. This represents allowance for replacement of property and components.
- **Retained** - 14p in the £. This represents the amount that we retain within the business to help fund future development and to protect the financial viability of the organisation.
- **Service costs** - 9p in the £. This represents services provided such as grounds maintenance, communal cleaning and communal heating and lighting.

15. Overall Financial Performance - Cost

- Operating and Net surplus. Detailed below is our overall year on year financial performance. This shows a year on year improvement in operating and net surplus both in absolute terms and in percentage terms. The format differs slightly from the annual Financial Statements in that sales and impairment of assets are shown below operating surplus which then clearly represents the return from the underlying business.

INCOME & EXPENDITURE ACCOUNT £m		
	2013/14	2012/13
Income	14.5	13.7
Expenditure	(9.0)	(8.8)
Operating Surplus	5.5	4.9
	37.9%	35.8%
Interest	(3.3)	(3.4)
Impairment	(0.5)	0.0
Profit on sales (FTS,RTB)	0.5	0.5
Net Surplus	2.2	2.0
	15.2%	14.6%

The strength of our operating surplus is demonstrated by benchmarking against the Global Accounts* published by the Regulator, which for 2012/13 shows an average of 25.9%. The upper quartile for the Placeshapers summary data** for 2012/13 shows an average Operating surplus of 32.6% and our Operating Surplus places Rosebery in the top 10 within Placeshapers.

*Global Accounts are published by the Regulator and are an overall financial analysis of Registered Providers accounts.

**Placeshapers is a group of 106 community based Housing Associations who manage 30% of England HA stock.

- EBITDA – MRI – this is an interest cover calculation based on earnings before interest, taxation, depreciation and amortisation with all major repairs spending. This measures adequacy of an organisation's cashflow to meet interest payments. The Rosebery figure of 180% compares favourably to the sector average per the Global Accounts of 138%.
- Gearing - This measures the proportion of total funding represented by debt. Grant and reserves represent the other 'internal' element of funding. The Rosebery figure of 64.0% compares favourably to the sector average per the Global Accounts of 86.8%.

- Net Debt per social Housing unit. The Rosebery figure of £28,820 is higher than the sector average per the Global Accounts of £19,913. This represents the fact that Rosebery is a developing Housing Association reinvesting cashflow into providing new homes.
- Treasury Management
The primary function of treasury management is to manage liquidity, funding, investment and the financial risk, including risk from volatility in interest rates. Treasury Policies are reviewed by the Treasury Committee and approved by the Board. The Board's current policy to manage interest rate risk is by maintaining between 60% and 90% of the borrowings at a fixed rate of interest. During the year maturing fixed term loans were placed on low variable rates and this has resulted in the in a reduction of the effective interest rate from 4.0% to 3.8% (compared to 5.1% sector average per the Global Accounts) . At 31 March 2014 the percentage of borrowings at fixed interest rates was 72% (compared to 65% sector average per the Global Accounts) .
We comply with our funding covenants, with no breaches during the year.

16. Staff Investment - People

Our People Strategy recognises the importance of investment in quality staff and the direct correlation of quality of service. We aim to ensure that our staff feel valued and motivated. Our investment is demonstrated below.

- 'Investors in People' (IIP) Gold was achieved demonstrating the organisation's ongoing commitment to investing in our people.
- Mary Goeber training in Customer Service was delivered to all staff in the year with added embedding the Goeber Method™ training for managers.
- £54k was invested in staff training during 2013/14. This represents over £1k per head and demonstrates our commitment to ensuring our staff have all the skills, knowledge necessary to deliver quality services and to personally develop.
- Our leadership and management programme is not only open to managers but to members of staff who have the aspiration and desire to develop their career. We have an annual Health & Wellbeing budget with events identified and organised by our internal FOR (Future of Rosebery) staff group such as: a softball picnic event; Christmas breakfast for all staff served by the Executive; the Rosebery Ramblers – short lunchtime walks in the neighbourhood.
- Independent counselling advice, child care vouchers, flu jabs and access to a credit union are all available to our staff.
- We annually benchmark salary levels to ensure that our salary levels are competitive to attract and retain skilled staff.

	2013/14	2012/13	Year on Year Trend	Benchmarking Quartile	Upper Quartile
Staff turnover %	13.8%	11.9%	↓	4	0.9%
Average working days lost to sickness	2.8	1.5	↓	4	0.3

Staff turnover of 13.8% represents a total of 5 leavers in the year. Staff sickness figures were impacted by two longer term absences where managers

have utilised the occupational health service available to provide independent professional support for our staff. Given Rosebery's low number of employees these performance indicators are easily impacted by isolated cases.

17. Targets for 2014/15

- Secure new office accommodation – generate c£0.5m savings over the next 5 years - £0.1m in 2014/15.
- Component procurement. Up until late 2013 components such as kitchens, bathrooms, boilers, etc. were procured via the London Housing Consortium framework. Boiler replacements are part of the competitively procured term contract with T Brown. Some contracts have been terminated and others will be renegotiated to ensure that the unit savings are achieved to generate a saving of £1.0m over the next 5 years - £0.1m in 2014/15.
- Service charges – further to a review by the Scrutiny Panel we're undertaking a review of our annual service charge calculation process to ensure that this is a more 'system' driven process reducing risk surrounding spreadsheet application and reliance on key individuals and increasing overall efficiency.
- Development –
 - Deliver a further 20 Shared Ownership and 7 General Needs units at Noble Park.
 - Generate £1.6m of First Tranche sales from the 20 Shared Ownership units at Noble Park.
 - Deliver 31 Temporary Accommodation units (see Temporary Accommodation portfolio review below).
- Enhanced 'e' offering starting with a re-launched website and increased opportunities to request and receive services and information digitally. This includes the ability to pay rents online, view rent account and report a repair request. We see developing our digital offering as a major value for money driver in the coming years.
- Customer service transformation project - Investment in additional resources in 2014/15 is linked to the targeted improvement in the following Key Customer Satisfaction Indicators. The expected improvement in these is set out in the table below:

Indicator	Current 13/14 (Q4)	Upper quartile target	Q1 2014/15 target	Q4 2014/15 target
Customer satisfaction with landlord service overall	86.46%	89.68%	90%	92%
Customer satisfaction with complaints handling	53.33%	76.36%	65%	78%
Customer satisfaction with ASB handling	55.81%	81.5%	65%	82%

- Review of Temporary Accommodation property portfolio. We currently have 167 Temporary Accommodation properties of which we own 98 and manage 69 on behalf of others. Of the 98 we own, some are in high value town centre locations and aren't of the quality we would wish. We'll be evaluating all options

available to maximise supply and quality of Temporary Accommodation whilst also maximising financial return. We're aiming to generate c£1.6m over the next 2 years from the sale of 2 high value low quality schemes, whilst doubling the number of units currently provided by those 2 schemes via re-provision on an existing currently non utilised site.

- Review cost drivers and alternate cost models and delivery methods for the repairs and maintenance service.

18. Feedback

We really value feedback from our stakeholders. Please feel free to share your comments with us about this VFM review.

Via email – [**customerservices@rosebery.org.uk**](mailto:customerservices@rosebery.org.uk)

Phone – **01372 814000**

Twitter - [**@RoseberyHousing**](https://twitter.com/RoseberyHousing)

Appendix 1 – Tenancy Sustainment Officer Work

An example of the Tenancy Sustainment Officer (TSO) value can be demonstrated through the fact that they now visit all our new residents in their first year. This initiative resulted in them contacting a resident who it transpired had recently broken his leg. He worked in the building trade and broke his leg shortly after moving in to a Rosebery home. He was now unable to work and struggling for money. He was in arrears and he didn't realise he'd be entitled to Housing Benefit (HB). When the TSO visited his property it was almost empty and he needed white goods and essential furniture. We helped him to apply for HB which he was successfully awarded. We also wrote a letter supporting his case for receiving money from the Local Assistance Scheme for white goods/furniture which he was successful in getting. Once the resident's leg had healed he went back to work, is no longer on Housing Benefit and is keeping his account 1 month in credit.

Appendix 2 – ‘Making a Difference’ Project



We asked our customers what their priorities were for investment and spending as part of the STATUS survey we carried out in 2010. Customers told us that their biggest priority was ‘to make the area a more attractive place to live’. This resulted in our ‘Making a Difference’ project in 2012/13. The MaD project involved a budget of £1.2m spent on environmental improvements across our estates and communities. Over **1,500** households directly benefited from a variety of improvements including things like:

- ⊙ Installing two new playgrounds
- ⊙ Repaving pathways
- ⊙ Helping people to feel safer by installing better lighting, new railings, fencing
- ⊙ Fitting new washing lines to save household energy builds
- ⊙ Providing bicycle lockers
- ⊙ Refurbishing residents’ garages



Our biggest investment was the installation of two new play areas in Colne Court and Wey Court, on the Watersedge estate. We held a consultation event where local parents and their children could put forward ideas about how the playgrounds should be designed. An official playground launch day was held in October 2012 and opened by Jan Mason, Councillor for Ruxley Ward and Surrey County.



Rosebery resident Steve Whitehouse, resident from West Ewell, said:

"It's wonderful that parents of Watersedge now have a good quality and safe place for their children to play. I'm delighted that Rosebery talked to their residents and realised that the area needed a new playground. I know my children will use it a lot, so well done Rosebery!"

820 households were consulted about the planning and delivery of the "Making a Difference" project and 380 people became proactively involved in working with us and giving us their thoughts. At the end of the works over 90% were satisfied with their neighbourhood as a place to live compared with less than 10% who remained dissatisfied. Nearly 82% said that the "Making a Difference" project had made a positive difference with only 18% saying that it had made no difference.

"Since Rosebery put up the new railings outside our building, passers-by can't cut through our front garden or throw litter in it. Our drying areas have been re-tarmaced, which means the back garden looks so much better, and residents are happier to go outside there and mix together. The improvements have made such a difference to our privacy and quality of life, I can't thank Rosebery enough for what they've done."

Gill Taylor, The Kingsway, Ewell

"A huge thank you to Rosebery for sorting out the fence for our back garden that backs onto the park. We have had a problem with loose dogs for the past year and the new fence will mean we can now sit out and enjoy the garden."

Charlie Khalil, Gatley Avenue, West Ewell

"This is exactly what was needed and I'm so pleased Rosebery has done it. I've wanted new play areas for years but we've never had the funding. When I heard this was happening I was thrilled and I'm sure it will make a difference to the young families living here. The residents can now become a real community and look out for one another. The Making a Difference project is the best thing Rosebery has done, because it means people have something tangible and they'll see Rosebery as doing positive things for them."

Jan Mason, Surrey County Councillor and Councillor for Ruxley Ward

From: xxx
Sent: 29 October 2012 13:44
To: Susan Ellis
Subject: Thank You from xxx Gatley Avenue

Hi Susan

I just wanted to say a huge thank you to you and your team for sorting out the fence for our back garden that backs onto the park, we have had a problem with loose dogs etc for the past year and the new fence will mean we can now sit out and enjoy the garden.

Thank you so much

Kind regards

Appendix 3 – Sheltered Scheme Christmas Lunches

In December 2013 Rosebery held a Christmas lunch at each of our 3 sheltered schemes. Residents living in the sheltered schemes and those in our older persons' accommodation across the borough were invited to join us. The lunches were funded by a contractor partner so didn't cost Rosebery anything but made a huge difference to the Christmas of some of our more vulnerable residents.

The lunches were fully catered for, with staff on hand to serve everyone who attended. Those who found it difficult to get down the stairs were delivered Christmas lunches to their door to ensure they didn't miss out.

After dinner, guests were entertained by a DJ who played Christmas classics for everyone to enjoy.

The Christmas lunches were extremely popular with over 75 of our residents attending. After the events we received numerous thank you cards and calls from those who came along, thanking us for a thoroughly enjoyable time. Some of these messages included:

'It was absolutely wonderful, the food was cooked beautifully and the staff were lovely.'

'It was a wonderful idea for Rosebery to put on a Christmas lunch for us. The food was fantastic and staff were so attentive and friendly. It was a great opportunity for residents to meet up and be in each other's company. I'd like to thank Rosebery for hosting it and we all appreciate their hard work in making it such an enjoyable occasion.'



Appendix 4 – Brighter Futures Fund

The objective of the Brighter Futures fund is to help fund training opportunities for our residents with the aim of gaining qualifications and thus secure employment.

In 2013/14 we received a total of 8 applications to the Brighter Futures fund. Of these 8 applications, 7 have gone on to secure funding. Some examples of the training we have funded through the Brighter Futures fund include hairdressing qualifications, accountancy qualifications, fork lift training and a certificate in the knowledge of policing.

One of our residents received funding to help her obtain her level 2 accountancy qualification. Having successfully passed this, she has recently gone on to secure full time employment working in accountancy. When asked about her experience, this resident said

'Thank you to Rosebery's brighter futures fund for enabling me to study for my Level 2 Accountancy qualification ... I am working in a chartered accountants practice with a plan to become self employed as a freelance accountant for the future and work for myself.'

This is an example of the **Social return** that has been generated as this resident also serves on the Resident Scrutiny panel.

Another of our residents received funding to complete a qualification in hairdressing. This particular resident has now been able to take this to the next level by enrolling on our Enterprise training scheme. This will allow her to put her training into practice and start to consider how she can develop a business plan to ensure her new skills are put to good use.

We arranged funding to allow one of our residents to complete their fork lift training course. Having successfully completed this course they have now gone on to secure a part time job.

One of our residents is in the final stages of obtaining a Certificate in the Knowledge of Policing. Once their course has been completed, she hopes to go on to join the police force.

We are currently arranging funding for one of our residents to do solar panel installation training. With an increasing focus on renewable and sustainable energy, they have identified this as a niche in the market and are keen to develop the skills they need to secure employment in this field.

Total spend for the Brighter Futures fund for 2013/14 was £1,095.52.