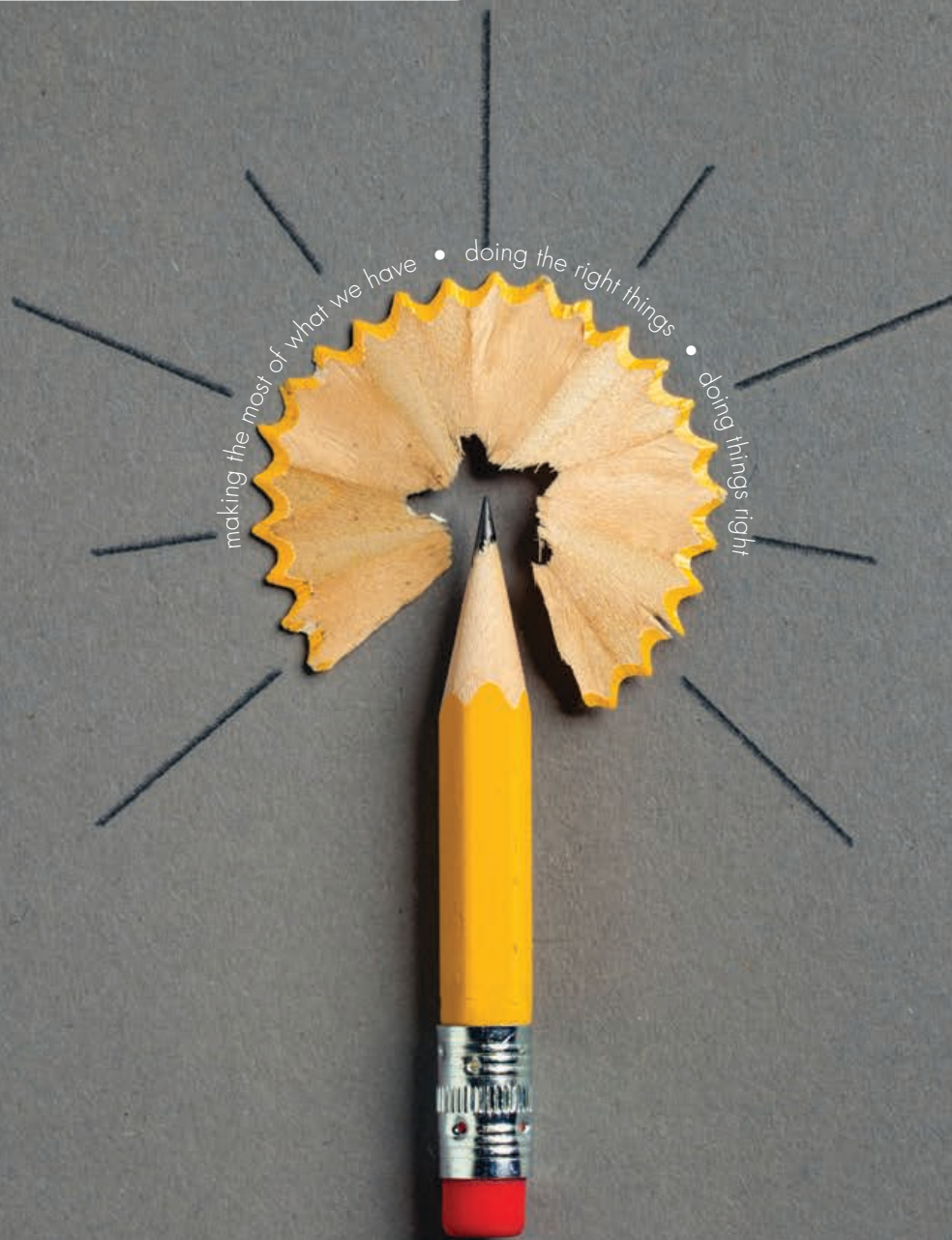




VALUE FOR MONEY: SELF-ASSESSMENT

YEAR ENDED 31 MARCH 2019



Delivering value

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The purpose of this document

As a charitable registered society, Value for Money (VfM) is extremely important to Rosebery Housing Association because we don't have an unlimited pot of money but we do have an overwhelming demand for our services. This document is intended to provide an overview of how we:

- focus resources on our objectives to bring value to the communities we work with
- manage our costs to maximise the resources available
- identify and implement improvements in the way we work

Who we are and what we do

Rosebery Housing Association was formed in 1994 and today owns more than 2,300 affordable homes across Surrey and West Sussex, ranging from one-bedroom flats to four-bedroom family homes. We are a charitable registered society committed to providing good quality homes and services. The focus of our property portfolio is in Epsom and Ewell, where we own most of the affordable housing. We are proud to be a local business that creates sustainable communities by forging strong local partnerships, working closely with residents and communities and creating local jobs.

Our objectives are:

Choice	TO PROVIDE A RANGE OF AFFORDABLE, QUALITY HOMES	
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	
Communications	TO DEVELOP CLEAR AND CONCISE COMMUNICATIONS	



One of the strategic decisions we reached in 2018/19 was to bring forward our housing development programme which is designed to deliver around 250 new homes over the next five years.

At the same time, we are continuing to target efficiency savings through our digital transformation programme, to reduce our operating costs per unit, while maintaining our service and performance standards.

The Board has been clear and made conscious decisions to invest in health and safety compliance, tenancy support, modernising our business and maintaining the quality of our stock, as well as bringing forward our development programme.

In recent years, we have focused on taking more control of our operations and activities to improve quality and efficiency, including creating our Rosebery Repairs business and increasing our investment in staff to support residents to optimise their income and maintain their tenancies. We focused on these areas following feedback from our residents which clearly indicated that these services were important to them.



We saw some efficiency savings in our overhead costs towards the end of 2018/19 as a result of the investment in tenancy support and the digitalisation programme and we expect to realise more savings going forward.

Our strategic approach has provided us with solid foundations on which to build a resilient business and create capacity to deliver more affordable homes.

We continue to manage the challenges in our operating environment, including:

- Continued uncertainty surrounding Brexit and its implications for the UK economy as a whole.
- Land prices in our area of operation are very high.
- Welfare reform continues to bite, impacting on low and middle income earners.

Rosebery remains financially strong in this uncertain economic environment and will continue to contribute to the overall supply and development of new affordable homes.



DELIVERING

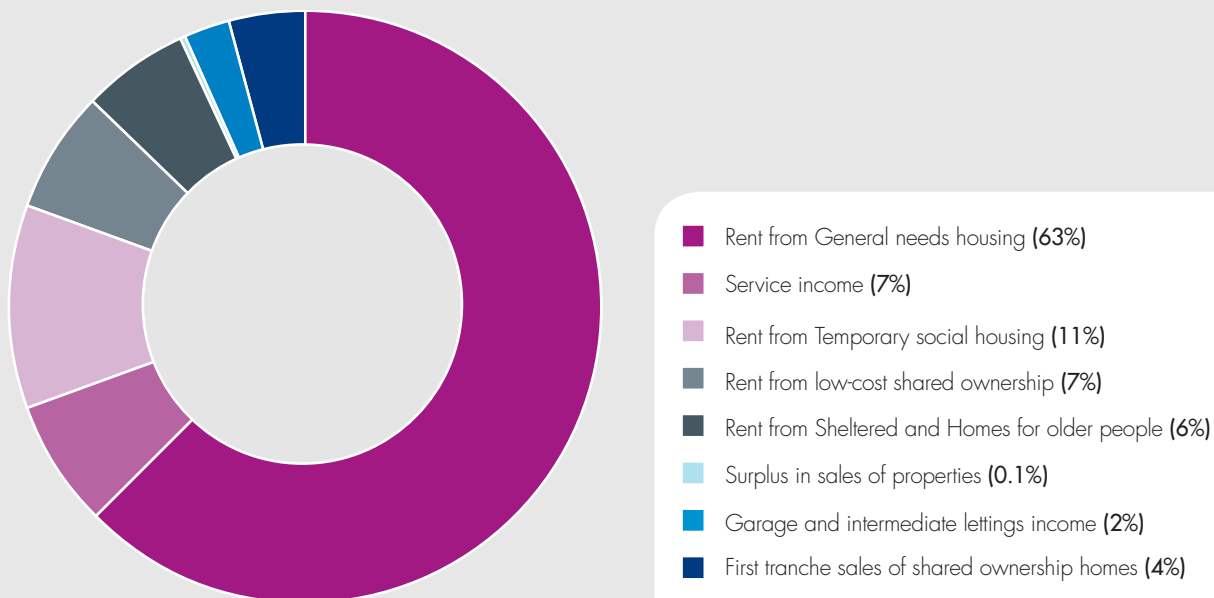


250 HOMES
OVER 5 YEARS

How we spent our money in 2018/19

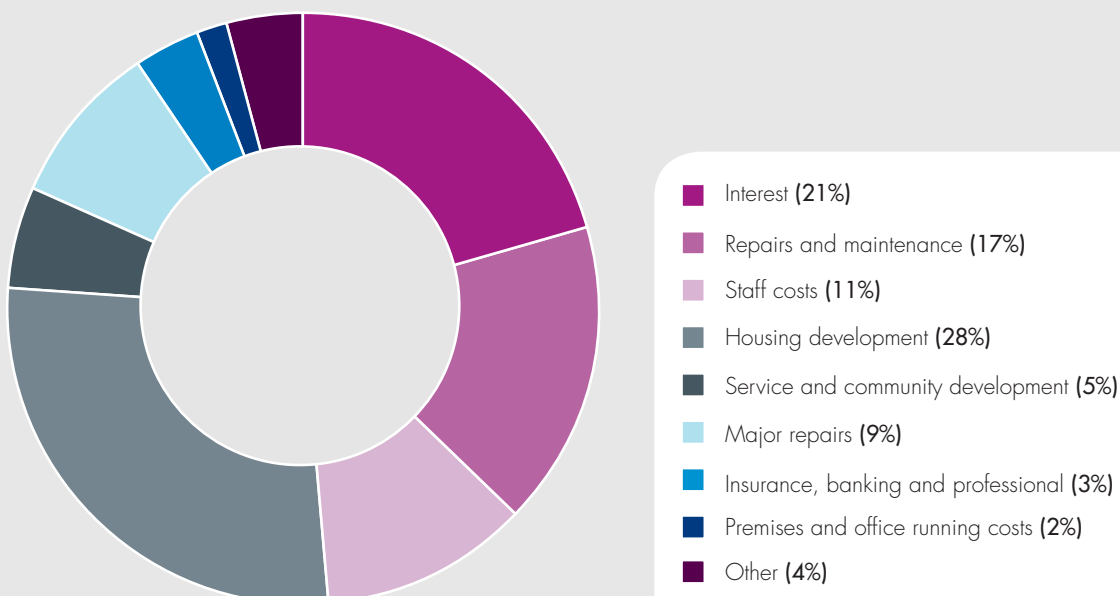
Where our money came from during the year is illustrated below.

Our income



The chart below shows how we spent our funds during the year

Our expenditure



Our commitment to VfM



Our commitment to the principle of Value for Money means managing our resources economically, efficiently and effectively to provide quality services and homes.

As defined by our annual VfM strategy and linking to our Corporate plan, we set ourselves financial targets for operating efficiency, including operating margins and keeping costs per unit under scrutiny. But it is much more than a financial calculation, our strategy delivers in four areas: financial/efficiency targets, quality of service; social impact; and environmental impact.

As a provider of affordable housing and a business of social purpose, delivering VfM is not purely financial, – put simply, it is business efficiency and is centred around the social value that we deliver to the community, measured using the HACT (Housing Associations' Charitable Trust) model.

As an employer, we provide VfM by offering our staff a great place to work and the opportunity to develop and achieve their (and our) potential. Rosebery is an organisation that invests in its people providing training and knowledge to ensure customer excellence and enhance their personal development.

VfM is at the heart of everything we do; we measure it in the context of meeting our objectives and we aim to fulfil our objectives by implementing the strategic direction set out in our Corporate Plan.

VfM Scorecard

VfM summary scorecard							
Objectives	Performance Indicator	Actual 2018/19	Bench-marking quartile	Actual 2017/18	Trend	Target 2018/19	Target 2019/20
Choice quality homes	New homes delivered	11	–	–	↑	17	7
	Purchased homes for Temporary Accommodation	14	–	9	↑	8	5
	Homes meeting Decent Homes standard	100%	–	100%	↔	100%	100%
	Average SAP rating	73.2	72.8	73.2	↔	74.0	73.4
Choice quality services	Current GN and HfOP arrears as percentage of yearly rent debit	2.11%	3.36%	2.27%	↑	<3.0%	<2.25%
	Average GN void turnaround (days)	9.76	10.39	10.85	↑	15 days	15 days
	Percentage of repairs right first time	95.03%	89.46%	93.86%	↑	91%	91%
	Appointments kept as percentage of appointments made	99.60%	96.84%	98.32%	↑	95%	95%
	Percentage of dwellings with a valid gas safety certificate	100%	100%	100%	↔	100%	100%
People	Average sick days per employee*	6.62	6.82	4.53	↓	<3	<3
Creativity and choice	Percentage of residents satisfied with overall service	86.27%	85.5%	87.46%	↓	92%	92%
	Percentage of residents satisfied with repairs and maintenance	95.32%	77.5%	96.50%	↓	92%	92%
Financial	Operating surplus (social housing lettings)	34.65%	*	36.98%	↓	32%	34%
	Return on Capital Employed	4.35%	3.18%	4.71%		4%	4%
	EBITDA MRI interest cover	149%	142.25%	147%	↓	137%	140%
	Social Housing cost per unit (adjusted for exceptional costs) calculated on unit numbers but excluding leasehold properties.	£4,064	£4,891	£4,281	↑	£4,200	£4,100

* Includes long term sickness

In this report we illustrate trends by using arrows to indicate where our position has improved, been maintained or declined.

- ↑ Improved
- ↔ Maintained
- ↓ Declined

Key

- SAP Standard Assessment Procedure
- GN General Needs
- HfOP Housing for Older People

We are pleased with the performance steps we have made. Specifically, we have delivered the following results.

Financial

We met all of our financial targets for the year and met all of our funding covenants.

We exceeded our budget outcomes overall and have reduced our central overhead costs while maintaining performance levels. We spent more on maintenance works this year than in 2017/18 as we carried out additional preventative cyclical maintenance projects to improve our homes.

Our operating surplus was slightly higher than in 2017/18 (£5.966m compared to £5.953m) while income was lower due, in part at least, to having to absorb the impact of another year of 1% rent cuts surplus.

Our net surplus, before actuarial adjustments to pension liabilities, was £2.010m compared to £2.388m in 2017/18. We are pleased with the results for the year.



Homes

We bought and refurbished 14 properties, providing much needed quality temporary accommodation for those in housing need, assisting our local authority colleagues across several boroughs to reduce homelessness. This was against a target of 8 properties. We completed 11 new homes which were built on former garage sites. This programme has transformed the garage sites and the quality of these homes will be used as an exemplar for future development proposals on similar sites.

Transforming our urban landscape



Bahram Road on Epsom's Longmead Estate was nothing more than a collection of 37 largely dilapidated garages. Only seven of these were rented by tenants, with the remaining empty garages falling into disrepair and becoming not fit for purpose. Rosebery saw the potential of the site and planned to transform the area into good quality, new homes for shared ownership.



We have completed this project and ensured that the homes were built to the highest standards. The development reflects our commitment to 'making the most of what we have' and it will continue to have a positive impact on the local community. This successful programme of work provides a template for the future and we have since identified a further 200 units for potential development.



Rosebery's Chief Executive, Deborah Pike, Rosebery's Chair, Christine Turner, and the Mayor of Epsom & Ewell, Councillor Neil Dallen, opening the contemporary new homes in Wren Close.

Temporary Accommodation

We continue with our strategy of purchasing street properties and letting these on a temporary basis to help the local authority to potentially house their homeless families on their waiting list in a cost-effective way.



“Efficiency is doing things right;
effectiveness is doing the right things.”

Peter Drucker



Doing things right

Digital transformation

During 2018/19 we remained focused on delivering our digital transformation, moving a large proportion of our resident interactions from conventional to digital channels. This large-scale undertaking has pulled together several work streams, each contributing to our digital transformation, reducing costs, increasing efficiency and delivering value. Jointly they represented a step-change in the way we do things, right across the organisation. We expressed this as 'Changing the way we work'. We continue to build on this by introducing new systems, technologies and processes to maximise our business efficiency. Examples of our ongoing digital transformation include projects such as our:

- Resident portal
- Contractor portal
- Works orders
- Contact centre

My hr

Another strand of our digital transformation, this is a secure system accessible to all staff via desktop, iPad or mobile devices. It enables our staff to log in wherever they are, whenever they need to. It is a highly intuitive, self-service system that allows staff to manage their HR needs.

Doing the right things

Rosebery Repairs

The Board's decision to establish Rosebery Repairs as an in-house provider was originally taken in order to control the quality and improve customer satisfaction with this, our key service. Having taken that strategic step, we went on to build on this platform in 2017/18, concentrating our efforts into ensuring the success of our repairs business and its operational efficiencies. This has been an unqualified success and we continue to build on what we have created, for the benefit of our residents and our bottom line. It is the quality of this service that is a priority for our residents, which means it's imperative that we maintain an exceptional standard.

Rosebery Repairs has now become 'business as usual' and we are looking at the potential to market this service to other organisations and to expand the team's work beyond responsive repairs. As this has proved to be a cost-effective model, it is contributing to our target of reducing our operating costs per unit.

During 2018/19, the percentage of repairs that we carried out 'right first time' continued to rise, from 93.86% in 2017/18 to 95.03% this year. The percentage of appointments kept against appointments made has also risen and was up to almost 100%.





RESIDENTS SATISFIED
WITH REPAIRS AND
MAINTENANCE
SERVICE

2018/19

95.32%



RESIDENTS SATISFIED
VIEWS ARE TAKEN
INTO ACCOUNT

2018/19

80.29%



Customer satisfaction

Customer satisfaction is a key measure of the value we provide within the community and this is an important driver for Rosebery. Despite dipping slightly by just 1.19%, overall satisfaction levels at Rosebery remained high at 86.27%. We continue to aspire to achieve even higher levels.

Our repairs service is consistently highlighted as the most important service in the eyes of our customers. We are pleased that residents' satisfaction with our repairs and maintenance service continues to be communicated positively. Repairs satisfaction figures dipped slightly from 96.50% in 2017/18. Although a slight drop, we are still proud of the 95.32% we recorded in 2018/19.

Much of our value is measured by customer satisfaction levels, which we regularly monitor, using an independent agency. Our performance during 2018/19 is summarised in the table below.

	2019/20 target	2018/19	Previous year trend	2017/18	2016/17	2015/16
Residents satisfied with landlord services overall	92%	86.27%	▼	87.46%	88.17%	86.88%
Residents satisfied that their views are being taken into account	78%	80.29%	▲	79.88%	81.46%	77.69%
Residents satisfied with repairs and maintenance	92%	95.32%	▼	96.50%	95.09%	92.90%
Residents satisfied with gas servicing	92%	94.84%	▲	90.20%	91.80%	90.27%
Residents satisfied with estate services	85%	77.08%	▼	86.51%	83.85%	84.12%

While overall satisfaction remained high, we can also report that the measurement of views taken into account consolidated at a high 80.29% (2017/18: 79.88%).

Satisfaction with estate services reduced slightly over the year to 77.08% (2017/18: 86.51%), while satisfaction with gas servicing rose significantly this year to 94.84% (2017/18: 90.20%).

While achieving relatively high levels of satisfaction across all our services, Rosebery is not resting on its laurels. During 2019/20 we will be drilling down further on satisfaction, enabling us to focus our resources where they are most needed and where the best value for money can be achieved.

Resident engagement

Resident engagement is a key area of strategic focus for Rosebery and our Board and it is an essential component in the delivery of our Value for Money strategy.

Resident satisfaction is inextricably linked to VfM and resident feedback enables us to gauge how our actions are perceived and whether we are effective in delivering our services.

Resident feedback

We value the feedback from our residents and use it to improve our services. We are pleased to report that customers' satisfaction with the way their views are taken into account also consolidated at a high of 80.29%. Although marginal, there was a slight improvement in 2018/19, and we will continue to focus on this area in year ahead.

Virtual Scrutiny Panel

The setting up of this new panel is part of our drive to move away from conventional attendance at meetings, towards making better use of online channels. We believe this will work for the benefit of all residents and will allow us to use our digital resources to greater effect and reach out to a wider range of residents to get involved. The response received to our member recruitment campaign was very positive and seven applicants were shortlisted to join the panel. The panel will play an important role in helping Rosebery to deliver continuous service improvements for its customer facing services, like repairs, anti-social behaviour and complaints. Using a variety of methods, the panel investigates how well these services are being delivered and makes recommendations as to how they might be improved. The panel's first audit was delivered to our Board in May 2019 and this focused on the complaints process. All recommendations were accepted and endorsed by Board.



Virtual Scrutiny Panel members from left to right: Jesccah, Martin, Johanne and Tracey

Our newly formed team of Mystery Shoppers

Our mystery shoppers undertook an assessment of our contact centre to evaluate the standard of service experienced at 'first point of contact', when dealing with customer enquiries. It was agreed to 'mystery shop' our contact centre as we plan to install a new telephone system, as part of our digital transformation programme. The new system will offer a better user experience and will help to reduce call waiting times. Our mystery shoppers agreed to test the existing contact centre service, to provide a better understanding of what works well and to highlight any areas, from a customer perspective, where improvements could be made.

A total of 62 mystery shops were completed by telephone calls (53%) and web chats (47%). Overall our shoppers provided positive feedback and there were many good examples of all the contact centre staff 'going the extra mile' and offering good customer service. Shoppers also enjoyed using our web chat service and felt this was a convenient way of accessing our services.

The exercise identified a couple of areas for improvement. Of the 62 telephone calls and web chats completed, 56% were answered in less than one minute. Shoppers were happy that calls were answered quickly, but we have set ourselves a target that 70% will be answered in under a minute. A few shoppers experienced slow response when communicating by our web chat. This issue has been addressed and we have made changes to improve the experience of customers using our online services.



Making the most of our talents

Making the most of what we have is a commitment that extends to all areas of the business. We launched our 'Emerging talent' programme, a management development initiative designed to identify a group of staff members who were ready to take on manager-level responsibilities and to prepare them for that next stage in their personal development. Several members of staff stepped forward to join the programme and set out their personal objectives as potential managers.

We delivered the programme between January and October 2018, culminating in a final ceremony where participants delivered their individual presentations, showcasing what they had taken away from the programme and how they had benefited from it.

- Eight out of ten participants successfully completed the programme (two of the ten left the company during the training to take up other roles).
- All participants overcame personal and business challenges to successfully deliver on several corporate projects, including an ITN video project and 'How To' video production.
- An increase in confidence and self-belief, demonstrated by the participants' ability to challenge upwards, ask for and constructively act on 360° feedback, deliver presentations to a variety of audiences and fully participate in the programme.

As the first in-house training initiative we have co-created, we are proud of our Emerging Talent programme and the outcomes that it has achieved. As a result of the training, we now have a pool of ambitious managers who have been upskilled for the future of our company. Recently, the Emerging Talent programme was shortlisted for two management development awards.



Investing in training

We have an active corporate training plan and we continue to focus on delivering online learning, which is cost effective, time efficient and fits well with our digital transformation goals. Staff undertake mandatory training to ensure skill levels are up to date in key levels of learning and we are able to monitor this through online attendance, completion and evaluation records. Despite the continued pressures to reduce operating costs, we maintain our significant investment in learning and development, Rosebery and its Board believes that this is a key driver in maintaining our high service standards and efficiency and effectiveness.

Investors in People (IIP)

We received confirmation that we achieved our Silver Investors in People accreditation as well as our Health and Well-being Good Practice Award.

Performance against key strategic VfM priorities 2018/19

Our key VfM objectives for 2018/19, together with their outcomes, are set out below.

Target	Expected outcome	Outcome
Deliver new homes in line with our business plan	<ul style="list-style-type: none"> • Deliver 17 new homes (0.61% new supply per VfM metric); plus more homes for temporary accommodation • Achieve 6% in reinvestment (VfM metric) 	<ul style="list-style-type: none"> • We delivered 11 new homes and we have received planning consent for 7 more. • We achieved 5.27% in reinvestment.
Operate as a high performing organisation compared with peers	<ul style="list-style-type: none"> • Achieve median to top quartile performance when compared against peers 	<ul style="list-style-type: none"> • During 2018/19 HouseMark reviewed our 2017/18 performance and against our peers we were a median performer on costs and highly rated on performance.
Changing the way we work	<ul style="list-style-type: none"> • Deliver our digital transformation project • Achieve 70% of customer transactions via digital channels by February 2019 • Target to realise £200k worth of savings per annum, going forward, starting July 2019 	<ul style="list-style-type: none"> • Delivered further projects. • 23% of transactions in 2018/19 were digital. We are monitoring our performance and measuring our switch to digital channels. The target has been revised to reach 70% by the end of the year 2022/23, with individual targets set along our journey. • The savings target of £200k is for 2019/20 and beyond.
Mitigate impact of welfare reform on residents	<ul style="list-style-type: none"> • Provide a programme of support for our residents • Target £500k worth of social value as a result of our tenancy sustainment work 	<ul style="list-style-type: none"> • Provided a programme of support for our residents, including digital upskilling and help in pursuit of employment opportunities. • Delivered income, savings and social value worth £867,667







Sustainability

Rosebery strives to be an environmentally friendly organisation in the way we work, the materials we use and the energy we consume. Our aim is to minimise our impact on the environment, maximise our energy efficiency and continue to develop our green approach to our workplace and our properties.

Environmentally friendly offices

We only source and obtain office supplies that meet our sustainability criteria. 100% of the kitchen supplies that we use have been suitably sourced. These include products that are approved by sustainability organisations such as Rainforest Alliance, Sustainable Agriculture Network (SAN), Common Code for the Coffee Community (4C).

They also include products defined as local produce 'grown and regulated in the UK'. The majority (86%) of our office supplies are suitably sourced through an organisation that has received several corporate sustainability awards, the employer and Environmental Protection Agency (EPA) Energy Star® leader awards, as well as having been named 'Greenest Retailer' by Newsweek three years in a row.



Waging our war on plastic

Plastic is destroying our planet and we have a responsibility to do what we can to fight this. Half of the plastic we use is thrown away after just one single use and enough plastic is thrown away each year to circle the earth four times. If we continue with our business as usual practice, we will see plastic production double over the next 20 years. There are lots of ways we can reduce our consumption of non-degradable plastic in the workplace. Rosebery employees are aiming to reduce personal waste in the office, there is a 'War on Plastic' page on the intranet and a staff Green Team working to push this sustainability agenda.

A staggering 250 million plastic bottles are thrown away every week in the UK alone, which is 13 billion per year. In previous years we threw away 16 plastic milk bottles every week, that's in the region of 800 plastic bottles a year. In September 2018 we made the switch to glass bottles. Glass is 100% recyclable and can be reused over and over again – on average they are reused 15 to 50 times. This means glass milk bottles are a more energy efficient choice and help to save the planet.



Waste and recycling

100% of our general waste is diverted from landfill. We contributed to the achievement of zero percent to landfill, measured over the year. We provide clearly labelled recycling bins throughout our office space, both in the work areas and in the communal kitchen. We recycle approximately 4 kg of waste per working day. As much as 29% of our office waste is recycled and 100% of our confidential secure shredded waste is recycled.

Environmental approach to our properties

Quality and energy efficiency

Part of our investment strategy is to ensure affordable warmth over the winter months, including an insulation programme and other schemes to help reduce our residents' energy bills. This environmental approach has had a positive impact on our energy efficiency and continues to deliver to our sustainability programme. Our properties have an average SAP (Standard Assessment Procedure) performance rating of 73.2 against the sector average of 63.8 in 2011 (based on English House Survey 2011/12).

Ecological enhancements

A total of 136 of our general needs properties have been provided with renewable energy equipment for heating and hot water services. All common area bin stores are provided with recycling facilities. Low energy lamps are provided at all new tenancy sign ups and we are actively promoting energy efficiency. Heat reflectors are installed behind all central heating radiators as part of our void process to decrease heat loss.

Our grounds maintenance company recycles our grass cuttings and vegetation. The compost that is generated is then used as part fertiliser by local farm producers and is provided free to staff and residents. Our new build properties are provided with bike sheds to promote the use of this sustainable form of transport, which also offers health benefits to resident cyclists.

One of the projects we started in 2018 was to improve the energy efficiency at Norman Colyer Court, a 48 flat sheltered scheme. We invested in a complete refurbishment of all shared corridors and stairwell lighting modules, providing each fixture with a motion sensor that automatically increases the light levels when needed. As a result, these light fixtures are not only extremely efficient but also have a life expectancy of up to 50,000 hours with 90% lumen maintenance (L90) and low wattage. This provides equivalent light output to typical compact fluorescent luminaires, while giving energy savings of up to 50%.

Venturing into modular construction

The construction landscape is changing fast and modular building methods are becoming increasingly popular with developers, contractors and architects. The structures are made up of multiple prefabricated sections. Each of these modules is manufactured in a factory, before being transported to the building site, where they are then assembled. The benefits of modular construction include:

- Faster construction time than traditional methods (30-50% time saving).
- Less costly to construct (up to 35% cheaper).
- Lifetime carbon footprint up to 90% lower than comparable traditional buildings.

In 2018, our Investment Committee recommended to approve a trial of modular construction as a method of construction alongside traditional methods, depending on the requirements of each particular scheme. The Committee went on to approve modular construction at two relatively small development sites as our pilot schemes.

VfM targets for 2019/20

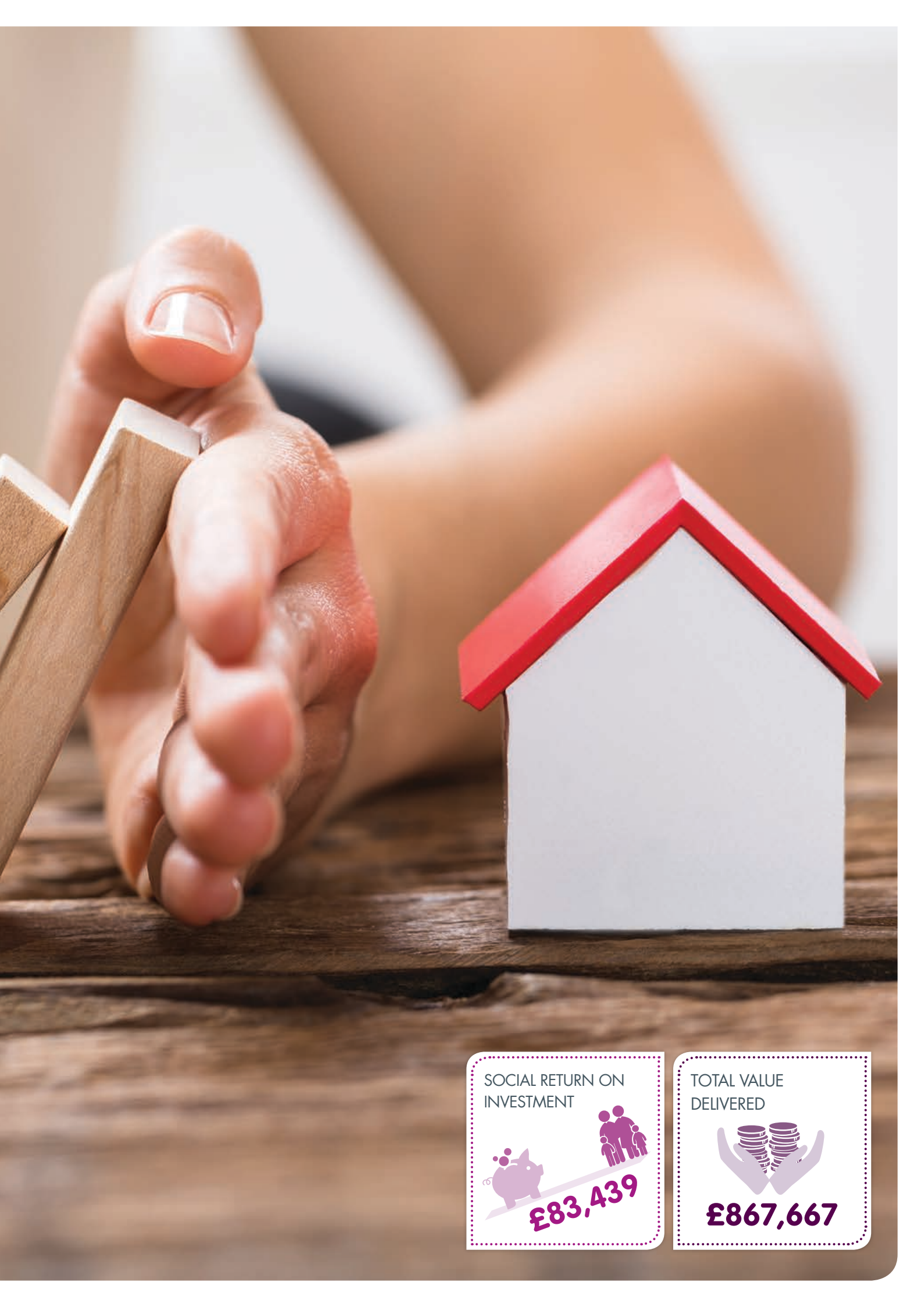
Our VfM targets for 2019/20 are shown below. Having laid the platform, we have been able to focus on our long-term goals. Our intention is to increase our operational efficiency and create more capacity to develop more homes. These are now our key targets and expected outcomes.

Target	Expected outcome
1. Deliver new homes in line with our business plan.	<ul style="list-style-type: none"> • Deliver 7 new homes (0.25% new supply per VfM metric); plus more homes for temporary accommodation. • Achieve 5% in reinvestment (VfM metric).
2. Operate as a high performing organisation compared with peers.	<ul style="list-style-type: none"> • Achieve median to top quartile performance when compared against peers.
3. Changing the way we work.	<ul style="list-style-type: none"> • Deliver our digital transformation project. • Achieve 70% of customer transactions via digital channels by end of the year 2022/23 and, with a phased programme, to achieve 40% in 2019/20. • Target to realise £200k worth of savings per annum, going forward, starting July 2019.
4. Mitigate impact of welfare reform on residents.	<ul style="list-style-type: none"> • Provide a programme of support for our residents. • Target £500k worth of social value as a result of our tenancy sustainment work.

Measuring our impact

- Welfare reform continues to bite and is number one on our risk register. A monthly report is submitted to the Executive team detailing our current position. We have KPIs (Key Performance Indicators) in place to monitor the impact of Universal Credit (UC).
- Through the Tenancy Sustainment Service and our partnership with the Ethos Project and Citizens Advice, we are able to provide an effective response to the challenges we and our residents face.
- We strive to increase the employability of our residents and provide them with appropriate job opportunities, wherever possible. We have developed an effective partnership with the Ethos Project and, since April 2018, this has helped seven of our residents to achieve a job interview, six to gain employment over 16 hours per week and seven on to training programmes. Using the model developed by HACT, this achieved a social return on investment of £83,439.
- Work undertaken by the Income Team helped six residents sustain their tenancy and avoid eviction, saving Rosebery an estimated £39,114.
- The Citizens Advice money and debt advice service we fund has secured £347,699 in additional income for our residents, of which £141,319 was for the organisation.
- Most significantly, our Tenancy Sustainment Officer (TSO) service has secured additional income of £436,529 for our residents, of which £303,539 was for the organisation.
- The total cost of funding all of these services during 2018/19 was £132,343.
- Much of the work we do results not only in financial support for our residents but also delivers social impact and this is evident in some of the case studies, each demonstrating our innovative approach to delivering VfM and achieving social impact.
- Our Income team helped six residents to avoid eviction.
- All told, the services provided and supported by Rosebery during 2018/19 gained additional income, savings and social value worth £867,667.





SOCIAL RETURN ON
INVESTMENT



£83,439

TOTAL VALUE
DELIVERED



£867,667



Financial performance

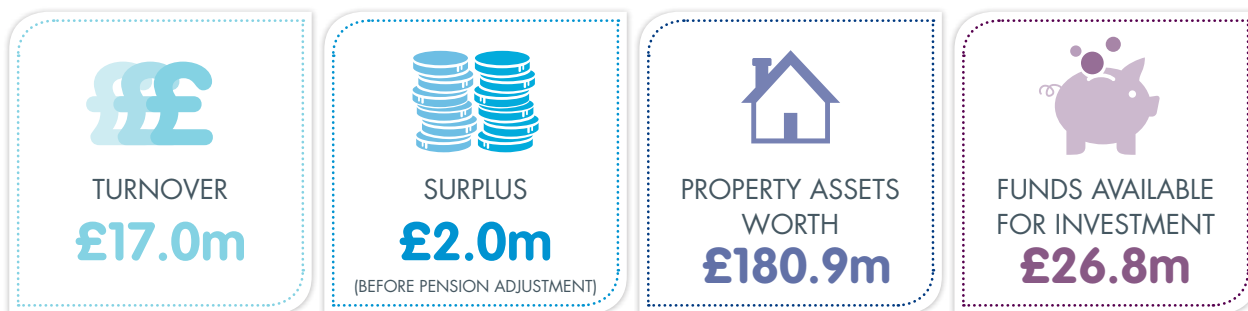
Our financial performance is summarised in the table below.

Income and Expenditure Account £m	2018/19	2017/18
Income (including income from first tranche sales of shared ownership properties)	17.0	17.4
Expenditure	(11.0)	(11.5)
Operating surplus	6.0	5.9
	33.7%	33.9%
Interest	(4.0)	(4.0)
Profit on sales, Right to Buy [RTB], Asset Management Sales)	0.0	0.4
Net surplus	2.0	2.3
	11.8%	13.2%
Actuarial adjustment – current year	(0.3)	0.1
Initial recognition of multi-employer defined benefit scheme	(0.7)	–
Net surplus	1.0	2.4

The government imposed a four-year 1% rent reduction which first took effect in April 2016, which impacted on a large portion of our income. In order to mitigate this impact, we took a number of actions to exert more control over our costs – particularly for repairs, where our in-house service delivered considerable savings while improving customer satisfaction levels.

2018/19 was the penultimate year of the 1% rent reduction programme and, despite income falling, we have succeeded in maintaining our operating surplus levels.

2018/19 highlights



Resident safety

Safety of our residents is a priority for Rosebery, so to ensure all of our homes are fully compliant with fire regulations, we installed fire doors in January 2019. We invested £528k on our fire door replacement programme and our 2019 Business Plan includes a total of £1.6m on this programme of works, which puts resident safety first.

Reinvesting in our assets

All capital works programmes for 2018/19 were completed on time and to budget. A total of 148 boilers have been replaced against a budgeted 102 boilers, so the team has delivered 46 extra boilers against the original costs. We replaced 54 kitchens and 45 bathrooms, inclusive of electrical upgrades associated with the works.

The 2018/19 planned programmes were based on projections extracted from the stock condition survey data and also enhanced with local knowledge from the Rosebery teams. Works programmes are finalised to maximise efficiency of delivery and minimise disruption for residents. Reactive programmes are driven by resident demand. We carried out a procurement exercise to appoint contractors to deliver the planned maintenance works and ensure that value for money is being achieved.

The work programmes in 2018/19 delivered further "A" rated heating systems, improving their energy efficiency and reducing heating and energy costs.

During the year, 429 periodic electrical test and inspections with minor repairs have been carried out and the average cost per property is £21.

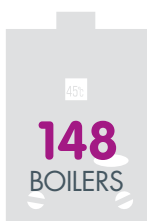
2018/19 saw 184 voids with an average 6.4 days turn around for the contractors element and an overall key-to-key turnaround time of 9.76 days for minor voids.

We continue to maintain 100% compliance for all landlord gas safety checks, demonstrating that our contractor continues to offer a good level of service

FIRE SAFETY
FULL COMPLIANCE



REPLACEMENT
OF



Management of our homes

Unit cost analysis £	2018/19	2017/18	Sector average in 2017/18	Sector average in 2016/17
Management (including overheads)	1,378	1,450	1,441	941
Services	385	373		372
Routine Maintenance	1,354	1,199*		925
Planned maintenance/major repairs	740	787*		683
Other social housing cost per unit	79	427		241
Social Housing cost per Unit	4,278	4,656*	3,550	3,298
Social Housing cost per Unit (adjusted for exceptional items)	4,064	4,281*	3,550	3,298

* Figures now re-stated to be based on a number of homes that excludes leasehold units

We continue to monitor our cost base carefully and take action to improve operating efficiency and maintain our service levels.

We operate in a high cost area of the UK, which means that our costs are higher than the UK average. The median social housing cost per unit for our peers in the South East in 2017/18 was £4,891.

The implementation of our in-house repairs service has continued to improve customer satisfaction levels but is also a cost-effective way to deliver the service.

The impact of welfare reform, including the roll-out of Universal Credit, while still only affecting a relatively small proportion of our tenants, has impacted our arrears but despite this we have succeeded in reusing our current tenant arrears and we made significant savings against budget in our provision for bad debts. We are continuing to work with tenants to minimise the loss of income, working with other agencies on programmes to help tenants into work, to help them manage their own finances and ensure they receive the benefits to which they are entitled. During 2018/29 we have implemented a new automated arrears system to enable us to act quickly when residents fall into arrears and work with them to manage the situation. We see the results of our work in our overall arrears figures which benchmark well above our peers (as reported by HouseMark).

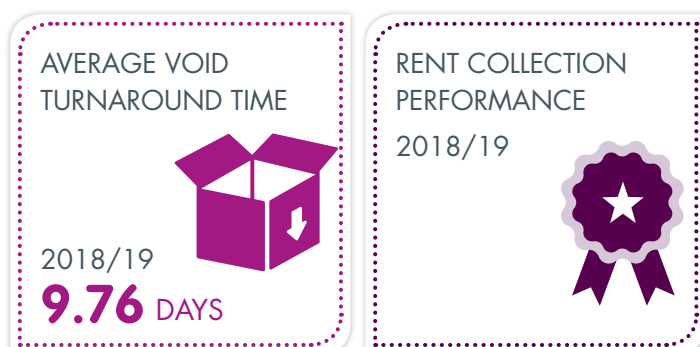
We will continue to manage our cost base and continually challenge ourselves to find ways to reduce costs where possible. We are particularly pleased with our performance in void turnaround times where we were the top performer against our peer group in 2017/18 and expect a similar picture for 2018/19 when our results are compared against others.

Rent arrears and void turnaround time

	2018/19	2017/18	Year on year trend	Bench-marking quartile	Upper quartile	2019/20 target
Current General Needs (GN) and Housing for Older People (HfOP) arrears percentage of yearly rent charges	2.11	2.79%*	^		1.99%	<2.25%
Average GN void turnaround time (days)	9.76	10.85	^		17.09	15

The target for 2019/20 rent arrears takes account of the potential impact of the rollout of Universal Credit.

Our average void turnaround time has continued to fall, meaning we are able to house residents in need of a home more quickly. Our turnaround times decreased from 10.85 days in 2017/18 to just 9.76 days in 2018/19. We were benchmarked against our peers and achieved the highest performance rating for void turnaround, in 2017/18, and we were one of the highest ranked for rent collection performance (Source: HouseMark).







Rosebery Housing Association
3rd Floor, Newplan House
41 East Street
Epsom
Surrey KT17 1BL

Telephone: 01372 814 000
Freephone: 0800 068 7664
Text: 07736 592260
Email: customerexperience@rosebery.org.uk
www.rosebery.org.uk

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