



**Value for Money
Self Assessment
2016-17**

Value for money Statement

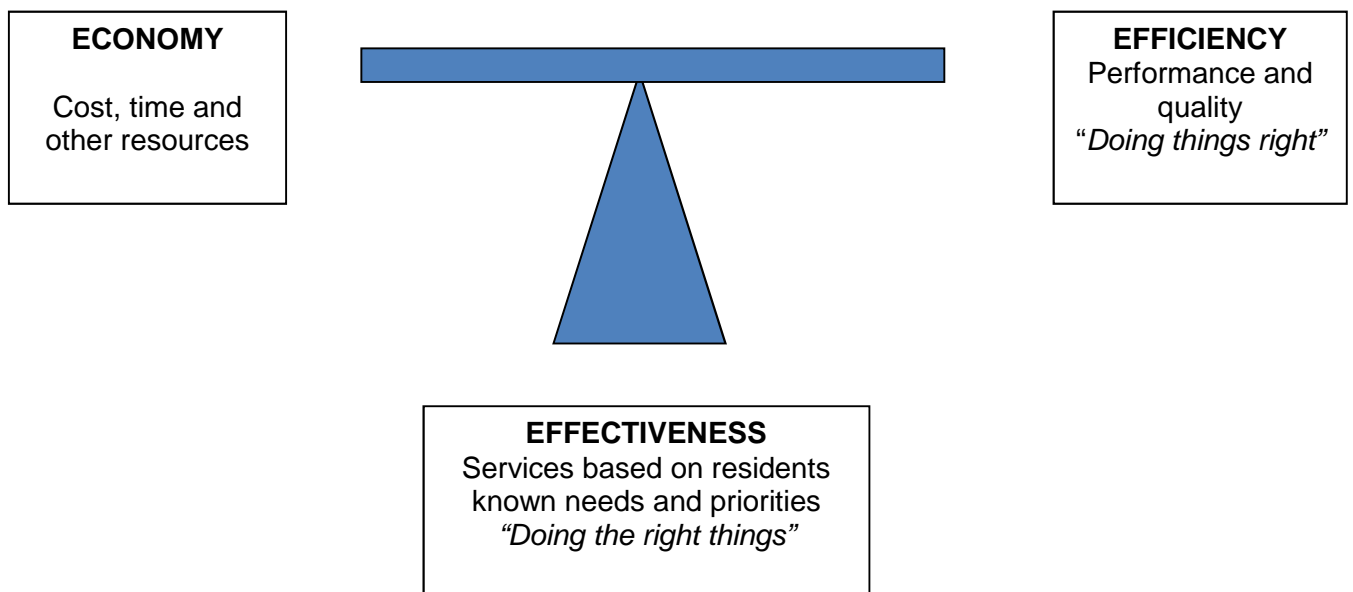
Introduction

Teign Housing continues to be fully committed to deliver Value for Money (VfM). In an uncertain political environment, with additional financial pressures we continue to be committed to providing a good level of customer service whilst ensuring that our resources are used in an innovative and cost effective manner. We strive to make the best use of our customer’s money whilst considering cost, time, quality, stakeholder benefit and meeting our customer’s expectations alongside benefits to us as an organisation and our ongoing viability as a business. Our Value for Money Strategy came to an end in 2015 and a new strategy was adopted in June 2016.

Our Approach

The approach to this has not changed significantly from our previous self assessment, as we know that this can deliver results.

Value for money is about balancing the three ‘E’s:



We only have finite financial resources and therefore we need to make choices about how we use them. These choices should be driven by:

- What we are required to do - keep well maintained homes that provide a safe and warm environment to live in and make payments on our loans.
- What we and the tenants want to do – develop new homes and provide additional services

We have developed a Value for Money culture within Teign Housing which starts with the strategic aims within our Corporate Plan and flows through to our rolling 5 year operations plan and then onto the team and individual objectives set as part of our annual performance appraisals; it forms a part of our day to day operations.

The Corporate Plan will be reviewed every three years from 17-18 onwards (previously every five years) to ensure that it is delivering our objectives whilst also responding to a more rapidly changing external environment.

There is a focussed approach to budget setting and managing costs within those budgets, with all managers having specific budget responsibility. Annual budgets are set with below inflation targets to continue to keep a downward pressure on cost. We will continue to use this as the base for our VfM activities.

WHAT HAVE WE DONE

For the year 2016-17 we set ourselves a number of objectives to ensure we continue to deliver Value for Money. We have evaluated these to see if these had been successfully delivered:

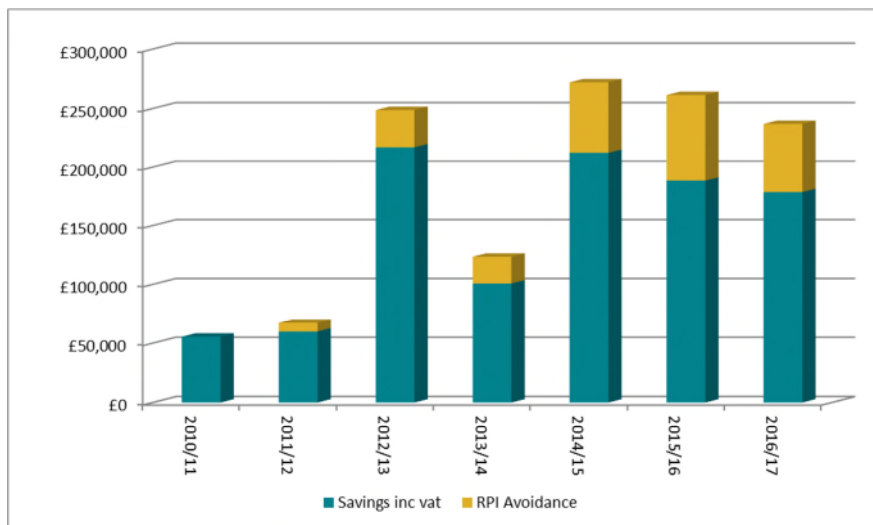
- A revised VfM Strategy was approved by the board on 15 June 2016.
- Continuous review of the overall planned maintenance programme - we have implemented a programme of rolling stock condition surveys which gives us more accurate information on our stock and allows us to update our data on a regular basis. We also updated the May 2016 Business Plan with revised stock condition data which improved our financial capacity.
- Progress the Wholly Owned Subsidiary to enable it to be fully operational by July 2017. This project progressed successfully throughout the year and the Wholly Owned Subsidiary, Templer HomeBuild, began trading on 1 July 2017. This will give us more control over service delivery and quality and is estimated to generate £5m of

cost savings over the next 10 years through more effective procurement, improved efficiency in the use of resources and reduced labour costs.

- Efficiency cost savings – this was progressed in 16-17 and the biggest saving is generated from the change in the executive team.
- We conducted LEAN processing reviews in two areas of the business, invoice processing and voids. This has enabled us to streamline these processes and apply the principles learned to other areas of the business.
- The purchase of a new housing management system, Civica CX, was approved by the Board in December 2016. This new software will enable us to process our data more effectively in a more cohesive manner. It is more suited to the future digital agenda of the business and the changing communication preferences of the customer.
- We reviewed all staff vacancies that arose throughout the year and were able to re-profile roles and hence reduced overall staff numbers and reduced total staffing costs. This has contributed to the structure review approved by the Board in June 2017 and the savings of £270,000 that will be realised from 2018-19.
- We did a review of our mobile phone arrangements to assess both cost and network coverage. As a result of this, the mobile phone contract was moved from South West Communications to O2 in August 2016 and this not only gave us increased reception coverage, but also generated an annual saving of £3,000.
- In October 2016 we brought some of the Grounds Maintenance service in house generating cost savings of approximately £13,000 per year and also giving us certainty with service delivery. This cost saving is passed onto our tenants through reduced service charges.
- The review of IT provision continued in 2016-17 and the decision was made to provide more services in house rather than awarding the work to outside contractors. These included: carrying out remedial actions following network penetration tests, saving £13,770 per year; decommissioning legacy servers, saving £5,000 for this project; reducing our external support from Nexus from a cost of £22,200 to £3,600 saving £18,600 per year.
- We changed our waste recycling arrangements from June 2016 and by using compost bays for grass cuttings and chipping our waste tree clippings for re-use, we have saved approximately £1,500 a year.
- In June 2016 we brought the Void Cleaning service in house rather than sub-contracting and this will produce savings of approximately £11,329 per year.
- We budgeted for 17-18 on the basis of zero inflation budgets.

- Welfare Reform – we continue to work with our customers as the Welfare Reform changes continue, updating our customer insight information to allow us to develop our knowledge and support customers through the changes.
- We continue to benefit from our membership of Advantage South West and the cash savings generated for Teign from being part of the consortium in 2016-17 amounted to £178,745. We spend £14,851 per annum on membership. The total savings over the last 7 years are presented in the graph below.

Advantage South West Savings 16-17



There are direct savings as a result of the bulk purchasing that is generated by being part of the consortium, in addition the RPI avoidance results from cost increases being lower than inflation.

RETURN ON ASSETS

We have a strong commitment to investing in our housing stock for the future and we maintain a 5 year rolling stock condition survey to ensure that the investment in our stock is focused in the right areas and maintains the longevity and desirability of our homes, this has been reflected in the recent Business Plan approved by the Board in May 2017. The Financial Future section of this report provides financial information on the value of this review.

In 2016-17 we have completed 47 new homes; 7 shared ownership properties, 36 affordable properties and 4 restricted equity properties. We have 52 affordable rent and 23 shared ownership properties on site that will be delivered over the next 2 years. In addition there are

30 homes on which offers have been accepted that will be delivered in 2018/19. All of these schemes have been delivered without grant and the ongoing focus on efficiency has enabled us to provide an average of £26,000 per property from Teign's resources to deliver those homes currently on site. For the future we will be continuing with our development aspirations and we aim to deliver 240 homes over the next 5 years in addition to those already detailed.

As we are still unable to get grant from the Homes & Communities Agency (HCA) for the delivery of affordable rented homes, we still look to maintain efficient operational running costs so that we can use savings to subsidise the delivery of affordable rented homes.

These efficiency savings, along with our asset disposal programme (detailed below) and the use of mixed tenure development schemes, where the profit from open market sale homes will be used to subsidise the building of affordable rented homes, will allow us to continue to deliver new affordable rented and ownership homes into the future.

A revised Asset Management Strategy was approved by the Board in January 2016 and not only does it continue to give us a clear direction about the future use of our assets such as continued use, redevelopment or disposal; it has redefined the Teign Standard which continues to be above the Decent Homes standard but allows us to proactively manage our planned maintenance programme to drive out maximum cost efficiency.

We continue to use the asset management evaluation software (Active Asset Management) which we invested in towards the end of 2014-15. This allows us to consider the financial implications of our asset base i.e. how much income does it generate and what does it cost us, thereby providing us with a Net Present Value (NPV) for all of our stock. It also overlays 'demand scores' which include social and environmental factors such as re-let times, anti social behaviour patterns and general desirability. Whilst none of our assets generated a negative NPV there were some that provided a very low return in the longer term and this has allowed us to target specific assets for disposal, the summary chart below shows the overall stock profile:

Viability Model Summary Sheet (30 Yrs)

RIDGE

Cost banding parameters (£) - click button to amend

Lower Range: £60,000 Expenditure Permitted Click to Edit

Between: Expenditure Under Review

Higher Range: £75,000 Expenditure on Hold

Base Date for costs: 03/08/2015

Demand Score	Total Cost Years (1 to 30)	Count	Average	Combined RAG Status	RAG Count	RAG Cost	RAG Cost Per Unit
1 922	1-3 £107,774,146	1974	£54,597	1-3	1568	£85,362,314	£54,440
2 1402							
3 717							
4 469	4	1561	£64,236	4	1930	£120,489,937	£62,430
5 37	5	12	£64,527	5	49	£2,967,964	£60,571
All 3547	All	3547	£58,872	All	3547	£208,820,215	£58,872

Strategic Action Summary				Income vs. cost		Base Date Indices of Deprivation:	
Retain	0	Remodel	0	Viabile	3547	2010	
Under Review	3547	Redevelop	0	Concern	0	IMD Score Provided	0
Change of Use	0	Dispose	0	All		IMD Score Missing	3547
All						All	3547

Queries / Reports

Demand Graph	Cost Status Chart	Combined RAG Status Chart	Cost Data Summary Table	Address / Demand Data	Energy Performance Table	Indices of Deprivation Table	Home
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Change Year Grouping

Group by Years 1 to 5	Group by Years 1 to 10	Group by Years 1 to 20	Group by Years 1 to 30
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The stock which is under review will have a lower NPV and poorer demand scores for issues such as no lifts in low rise blocks of flats, stairs to the first floor of sheltered housing, difficult to access i.e. a large number of steps or general location, a long way from services such as schools, shops and transport.

In 17-18 we are planning to dispose of 2 properties, with proposals to dispose of another 2;

One is a high value listed building in Dartmoor National Park. The ongoing maintenance costs of a listed building in a national park are significantly higher than for our standard stock and the property is poorly insulated and this results in high energy costs for the tenants. The residents have all been re-located from this property, it is for sale on the open market and a sale is currently progressing for £670,000.

During 16-17 we relocated residents from another older property which had been previously divided up into flats. This property also attracts high maintenance costs and the planned maintenance forecast costs were high. They had a very low energy rating (band E) again resulting in high energy costs. In January 2017 Board approval was granted to dispose of this on the open market and this will provide subsidy for the development of new homes.

Proposals for disposal include:

- a listed building converted into 9 flats that incurs very high maintenance costs and is flagged red on our viability assessment model.
- a single street property that is poorly located outside of our main stock areas, again with high maintenance costs.

We continue to review our own land, housing stock and garage sites for development opportunities/subsidy and where suitable these are now included within the future development programme. We now have 6 garage sites that are included in our pipeline development programme or being considered for disposal with planning consent.

The summary of VfM achieved in 2016-17:

Action	One Off Saving	On Going Saving
Change in mobile phone network provider		£3,000.00
Change in Grounds Maintenance Service		£13,000.00
Recycling Review		£1,500.00
Change in Voids Cleaning Service		£11,329.00
Reduction in IT Outsourcing		£32,370.00
Advantage southwest - net of subscription - evaluated each year depending on activity levels		£163,894.00
Decommissioning Legacy Servers 'in house'	£5,000.00	
Total	£5,000.00	£225,093.00

HOW WE COMPARE




Our Balanced Scorecard is produced each month and monitors our performance; it is presented to the Board at each meeting. This allows us to continually monitor our performance both on a financial and service level. Overall in 16-17 we did not perform as well as would have hoped. Rent arrears and average re-let times were positive but as can be seen from the corporate section of the 2016-17 dashboard below many of our targets were not achieved.

We have put measures in place to improve our performance in the areas where we fall short of our targets and in other areas where there is also room for improvement. For example, with regards to repairs and maintenance targets we are working closely with our supervising contractor Ian Williams and with Templer HomeBuild, the new wholly owned subsidiary which supplying the labour force for the repairs and maintenance to improve the service delivery and we now have far more control over this as we have a direct employed work force from July 2017. This should have a positive impact on average calendar days to complete a repair, void losses, average re-let time and overall customer satisfaction.

The lean processing reviews which have been implemented for voids are expected to have a positive effect and reduce turn around times on voids and hence also reduce void rent losses.

Corporate Dashboard													
Customer Care	Risk Code	Performance 2016/18	Trend	Qtr 1	Qtr 2	Qtr 3	Jan-17	Feb-17	Mar-17	Qtr 4	YTD	Target 2016-17	Benchmarking
Complaints response rate	D	100%	➔	89%	100%	90%	100%	100%	-	100%	94%	100%	
Data protection breaches	E	1		0	0	0	0	0	1	1	1	0	
Customer Satisfaction													
Overall service	D	-	➔	-	-	-	-	-	-	-	-	87%	
Complaints process	D	91%	➔	71%	100%	100%	-	-	-	-	89%	90%	75.85%
Key Performance Indicators													
Average calendar days to complete repair (issued to completed)	D	-	⬇	9.44	9.48	11.0	10.4	10.2	7.72	9.47	9.86	9	8.86 days
Gas safety checks up to date (%)	C	100%	➔	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rent arrears as % of annual debit	B	1.82%	⬇	1.97%	1.82%	1.75%	1.91%	1.86%	1.90%	1.90%	1.90%	2.00%	2.79%
Customer insight % of tenants who have completed the census in last 5 years (quarterly)	A	83.2%		83.6%	83.7%	83.6%	-	-	-	55.4%	55.4%	86.00%	
Void loss on homes as a % of gross rent	B	0.47%	⬇	0.51%	0.67%	0.67%	0.53%	0.72%	0.66%	0.64%	0.63%	0.60%	0.56%
Average re-let time - All - excluding major works voids	D	19.4	⬆	19.5	20.7	19.0	22.1	27.6	19.2	22.3	20.4	19	19.03 days
Average re-let time - All - including major works voids	D	21.8	➔	20	22.9	19.8	22.1	26.0	22.0	23.3	21.5	22	24.58 days

Key to the Corporate Dashboard:

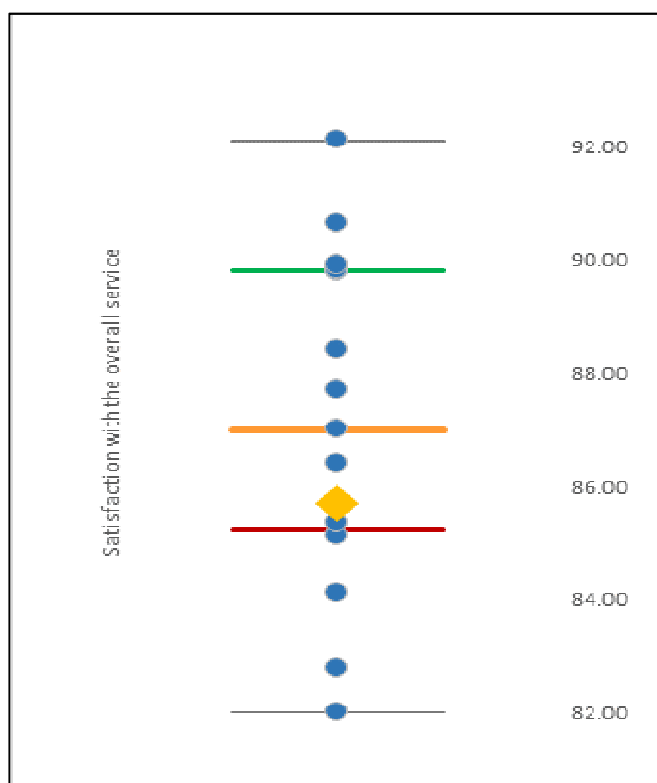
	Performance compared to previous months YTD is improving.
	Performance compared to previous months YTD has remained the same.
	Performance compared to previous months YTD has got worse.

The colour of the arrow relates to the Year to Date (YTD) performance of the Key Performance indicator as follows:

- Green is above target
- Amber is within 5% of the target and against the previous months YTD the result is improving.
- Red is below target or within 5% of target but against the previous months YTD the result is worsening.

We use Housemark to compare our costs and performance with our peer group. Our peer group is Large Scale Voluntary Transfer Southern (2500-7500 units). Extracts from the HouseMark Value for Money self assessment data pack 2017 are below.

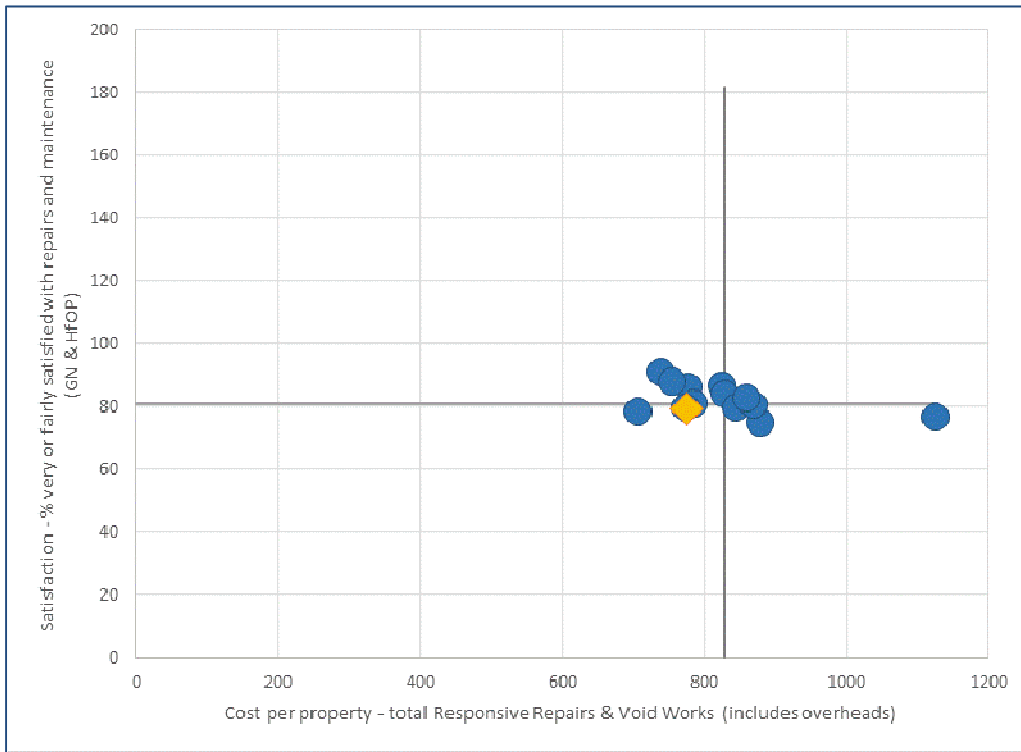
Satisfaction with overall service



five number summary	
Max Value	92.10%
Upper Quartile	89.81%
Median	87.00%
Lower Quartile	85.24%
Min value	82.00%
Your Organisation	85.70%

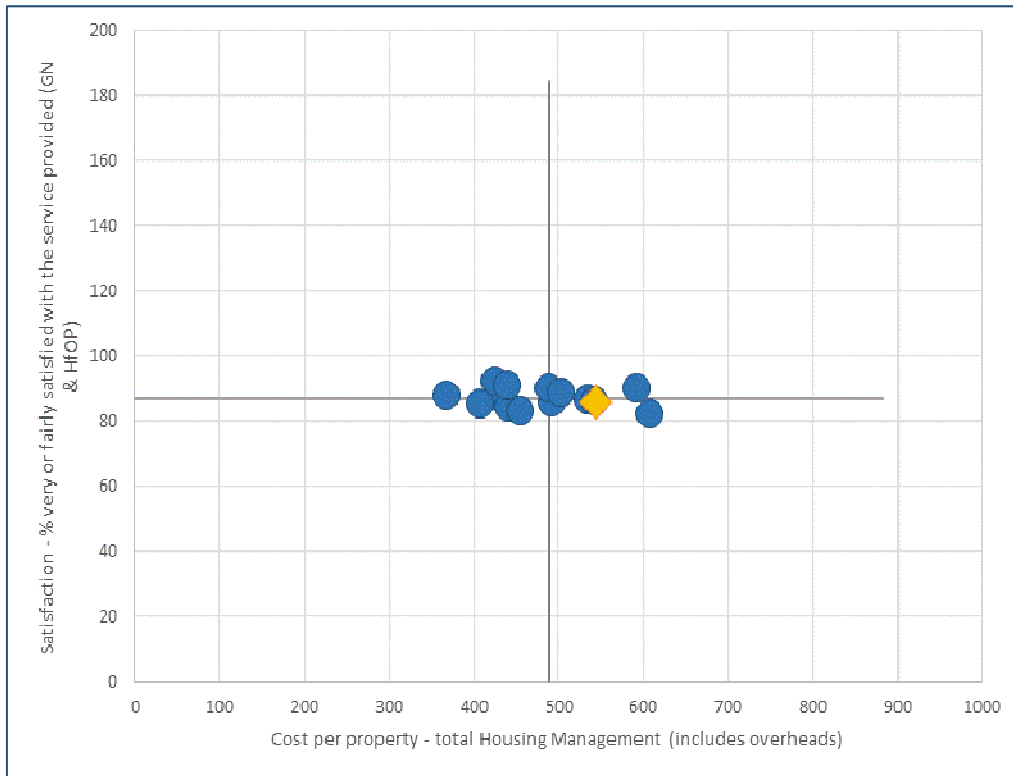
■ Organisation ■ Median

Repairs Cost V Satisfaction



■ Organisation ■ Median

Housing Management Costs V Satisfaction



■ Organisation ■ Median

The data displayed above confirms what the corporate dashboard is telling us and illustrates that we are performing in the lower quartile and we are ranked 10 out of 15 in our peer group. This is clearly an area on which we need to focus. We have recognised this and steps are being put in place to improve this. It is our intention to change the way that we interact with our customers. We will be creating a business hub which will have a highly trained team of staff, who will be driving forward our digital agenda and trying to encourage our customers to engage with us digitally. They will have a broad range of knowledge and will be able to meet customer's needs more efficiently. Templer HomeBuild will provide us with greater control over service delivery and the aim is to provide a one stop fix all service which will eliminate the need for multiple visits to the property and hence reducing costs and providing a better service for the tenant. From April 2018 we will be bringing our gas servicing and repairs contact into Templer Homebuild.

Along with the efficiency savings detailed in the 'What We Will Do Next' section of this report we have already reviewed our operational plan to identify specific actions that can address the decline in service performance.

FINANCIAL FUTURE

The Government's rent reduction announcement in July 2015 has now been embedded within the business and we have responded positively to the challenges this presented and maintained a financially viable organisation. This self assessment identifies the changes that we have made in order to maintain an appropriate level of investment in our stock and improving and enhancing service delivery. The focus on VfM will continue as there are still uncertainties in the future that we will need to address, these include:

- Post 2020-21 rent arrangements – there has been much speculation about how this could look and we may have a clearer understanding in the 2017 autumn statement
- Removal of grant for the development of affordable rented homes – the recent 2016-21 HCA programme makes it quite clear that there is very little grant available for rent (possibly only in rural areas) however there is grant for Shared Ownership
- Welfare Reform will continue to be a financial change for the organisation and we continue to have prudent assumptions regarding bad debts and voids included within the Business Plan. The impact of Welfare Reform is becoming much more visible as more of our residents are impacted and we are starting to see delays in payment of Housing Benefit and the knock on effect on rent arrears.

- The Housing White paper of February 2017 very much focuses on house building with homes both for rent and for sale and it is clear that this could present an opportunity if we make the best use of our resources that allows us to continue to deliver new homes

WHAT WE WILL DO NEXT

During 2017-18 work will be continuing on the major projects already underway and there are new initiatives which will result in further cost savings:

- There will be a thorough review of the planned maintenance programme to achieve a more streamlined delivery through Templer HomeBuild using the rolling stock condition data.
- There is going to be an 'MOT' system for responsive repairs that will be phased in over the next few years and will eventually lead to each property being visited on an annual basis for routine repairs; with reactive visits only being required for emergency repairs.
- The Wholly Owned Subsidiary, Templer HomeBuild began to trade on 1 July 2017. This will provide us with greater control over service delivery and the aim is to make the repairs service more efficient by providing a one stop "fix all" service which will eliminate the need for multiple visits to the property and hence reducing costs and providing a better service for the tenant.
- The financial savings to be realised from Templer HomeBuild will start to be seen from 2018-2019
- From April 2018 we will be bringing our gas servicing contact into Templer Homebuild. It is anticipated that this will bring an annual saving which has not yet been quantified, but more importantly will give us the control over service delivery and enable us to provide an efficient service to our tenants.
- We have plans to close the shop that we have in the town centre of Newton Abbot, in late 2019. This will generate savings from rent, rates and running costs.
- The implementation of Civica CX will continue through out the current year and will go live in early 18-19.
- From September 2017 we will be bringing our office cleaning in house and will employ our cleaners directly, rather than employing a cleaning company. This is expected to save approximately £8,000 per year.
- From April 2018 we will process the Payroll for Teign Housing within our finance department, rather than outsourcing this to a bureau. This will save approximately £4,000 per year.

- A staffing re-structure was presented to the Board and approved in June 2017, which when implemented, in October 2017 will realise £270,000 of savings per year.
- As a result of the restructure, we will be changing the way that we provide our customer service. We will be creating a customer hub which will have a team of staff who will have a broad range of skills and knowledge, who will be able to help with a wide range of customer queries without the need to pass the customer on to another member of staff in another department. This will be a far more efficient way of providing this service and will also be beneficial to the customer as they will get a better service from us.
- Zero inflation budgets will continue to be maintained
- The LEAN reviews will continue in other areas of the business to streamline processes and reduce waste.
- From April 2017 we are no longer outsourcing our development work and we now have 3 employees in our newly formed development team. Although this does not create any direct monetary savings, it is cost neutral, it does make the service provided much more efficient. The flow of information will be much more timely and easily accessible.
- We have the WRAG (Welfare Reform Action Group) which meets every two months and will continue to do so. The purpose of this group is to provide as much support as we can for our tenants in the transition to Universal Credit, but also to help mitigate the possible rent areas and reduced cash flow that could result from this.

The Board have set a target of a further 5% reduction in costs over and above what is budgeted for (excluding planned maintenance expenditure) and the organisation is working towards developing the plans for achieving this during 2017-2018; 50% of the savings have been delivered by the restructure.

GOVERNANCE AND ASSURANCE

The Board leads VfM in Teign Housing and ensures that it is a core part of the organisations culture. Below is a summary of how the Board consider that this self assessment complies with the HCA VfM standard:

Expectations of the HCA	Summary of how these expectations have been met
Registered providers shall:	
Have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade offs and opportunity costs of its decisions	Our approach to VFM flows from our strategic aims to our 5 year operational plan. The Business Plan is formally reviewed annually but monitored throughout the year to ensure it is able to respond to the external environment. Budgets are set based on the operational plan and then compared with the capacity within the business plan to ensure that we maintain good viability. Changes to business activities require a business case which detail all costs and benefits.
Understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives	Active Asset Management has allowed for more sophisticated stock investment planning and we have reviewed our asset base and identified some opportunities for development. We also identified some properties for disposal and these disposal projects are in progress, the first of which is due to be complete in September 2017 . We have a rolling stock condition survey which allows us to refine our future investment decisions as the stock profile is updated.
Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance	The monthly management accounts and balanced scorecard is reviewed each month by our Senior Management team and quarterly by our Board. Any areas of poor performance are identified and regular progress reports made to the Board in respect of actions and improvements.
Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.	We benchmark our operational performance for both cost and quality against our peers using Housemark data. Budgets are set inline with our operational objectives. Business cases are required to any support service changes and these require board approval.
Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The assessment shall:	
Enable stakeholders to understand the return on assets measured against the organisation's objectives	We publish our Value for Money self assessment on our website where it is available to all of our stakeholders
Set out the absolute and comparative costs of delivering specific services	The "How we Compare" section of the VfM self assessment allows not only comparison with our peers but also shows the performance against our corporate targets set by the Board.

<p>Evidence the value for money gains that have been and will be made and how these have and will be realised over time</p>	<p>There is a summary of the financial gains that have been made during the year included in the VfM self assessment and also those delivered in the Business Plan. The future plans also indicate (where possible) the potential cost savings that will be delivered.</p>
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ASSURANCE

We have a number of internal assurance methods by which to ensure that the Board are fully informed about VfM, which include the Balanced Scorecard, monthly management accounts, budget setting and approval, the Business Plan and assumptions and VfM features regularly at Board away days. However we also use external sources that can provide additional assurance or highlight areas of concern and these include:

- Housemark
- Internal and External Audit reports
- Scrutiny Panel service reviews

We have signed up to be part of the Housemark sector scorecard and going forward will be using this to further review our approach to VfM and efficiency.

