

Value for Money Report 2018-19

Teign Housing continues to be fully committed to delivering Value for Money (VfM). We are now in the final year of four years of rent reductions, and during that time we have seen our rental income reduce by £2m. We remain focused on providing a good level of customer service, whilst ensuring that our resources are used in an innovative and cost-effective way. We try to make the best use of our residents' money whilst considering cost, time, quality, stakeholder benefit and meeting our residents' expectations whilst bearing in mind the benefits to us as an organisation and our ongoing viability as a business.

Value for Money underpins all business activities at Teign Housing, and it is driven by our Board. VfM is about reviewing what we do and how we do it so that we make the best choices about how to use resources effectively in the delivery of our services and corporate priorities.

We have developed a Value for Money culture within Teign Housing which starts with the strategic aims in our Corporate Plan and flows through to our operational plan and then onto the teams; it forms a part of our day to day operations. The Corporate Plan is reviewed every three years, the next review being in 2021.

The Board's focus on VfM allows the organisation to continue to deliver good services and grow through developing new homes. The recent business plan includes the delivery of over 300 new homes over the next 5 years.

The current Value for Money strategy was approved by the Board in June 2018 and reflects both the change in the Value for Money Standard issued by the Regulator in April 2018 and the organisations revised Corporate Plan. It contains a set of specific annual targets for the three years, commencing in April 2018 and the performance over the last year is detailed in this document.

Review of 2018-19

Value for Money Action Plan 2018-21		Target	Actual	Target	Target
Action	Who	2018-19	2018-19	2019-20	2020-21
Rent Arrears – current tenants as a percentage of total rent	Head of Housing	2%	1.48%	2%	2%
Reduce asset management cost per property	Head of Asset Management & Development	5%	3%	7%	10%
Reduce the number of poor performing assets	Head of Asset Management & Development	39	30	33	28
Reduce void turnaround (days)	Head of Asset Management & Development and Head of Housing	16	20.5	14.25	13
Reduce garage void loss	Head of Asset Management & Development	9%	15%	8%	7%
Deliver new homes (number)	Head of Asset Management & Development	79	39	86	70
Maintain operating margin	Head of Finance	36%	39.40%	36%	36%
Increase funding capacity	Head of Finance	£60m	N/a	£60m	£80m
Reduce staff processing time – Civica CX	Head of Corporate Services	15%	0%	25%	40%
Reduce licence fee costs from system consolidation – Civica CX	Head of Corporate Services	£5k	0	£10k	£15k
Expand LEAN reviews & improve performance	SMT		N/a	2 reviews	2 reviews
Increase Teigncare customers	Head of Housing	5%	5%	10%	15%
Consolidate office space	SMT		N/a	£13k	£40k
Grow THB external activities	Head of Asset Management & Development		N/a	50k	250K

There are some positive results reported in the table above, and some areas where we did not achieve the results that we were aiming for.

On a positive note, rent arrears were better than expected, despite the introduction of Universal Credit in the district within the year. We reduced the number of poor performing assets by disposing of a number of properties and have already exceeded our target for 2019-20. Our operating margin was higher than our target. The increase in the number of TeignCare customers was as expected.

There are several things that we can improve on. The cost per property did not reduce as much as we would have liked, the void turnaround time improved but did not meet our target and the amount of lost income due to empty garages was more than we aimed for. The number of homes delivered was below target and our new housing management system, Civica Cx, has not yet delivered the savings that we expected.

Over the past year we have:

- Continued to work with our residents and our employees to prepare them for the roll out of Universal Credit, which went live in Teignbridge in September 2018. We have a Welfare Reform Action Group who meet regularly to share knowledge and best practice and we continue to support residents through the changes. We successfully achieved our target for rent arrears.
- We are continually reviewing the overall planned maintenance programme and perform rolling stock condition surveys. These have reduced the reliance on automatic component replacement driven by age. This has resulted in improved component lifecycles whilst continuing to maintain homes to a good standard. This will help to improve the asset management cost per property.
- We have introduced an 'MOT' system for responsive repairs. In 2018-19 we began by visiting 'high cost' properties and those with low repairs activity. The first year did not go as well as expected due to resource issues in Templer HomeBuild and only 89 (just over 2.5%) were completed. Templer HomeBuild have now recruited more staff to ensure that they can get out to more properties in 2019-20. These visits will be co-ordinated alongside annual Tenancy Management visits with the aim to get to around 30% of all homes each year. This should also lead to an improvement in the asset management cost per property.
- Our Wholly Owned Subsidiary, Templer HomeBuild (THB) began trading on 1 July 2017. 2018-19 was its first full year. THB is providing us with greater control over service delivery and alongside cost efficiencies by the continued roll out of the annual 'MOTs' and one stop "fix all" service, which means that multiple visits to the same property should not be needed and providing a better service for the resident. The VAT savings to be realised from Templer HomeBuild in 2018-19 were £337,000. The 2019-20 budget includes a further VAT saving of £371,000. This should also contribute to a decrease in the cost per property.
- The Asset Management Strategy approved by the Board in August 2018 continues to give us a clear direction about the future use of our assets such as continued use, re-designation, redevelopment or disposal. It defines 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.
- The asset management software tool continues to assist in improving the knowledge of our housing stock, including neighbourhood mapping and allows us to model the various options to determine the future of the asset. This may result in refurbishment of the property, investing in the energy efficiency of the property or a re-designation of use to a category more suited to the properties layout or location. As a last resort the decision may be made that the property should be disposed of, or as has been the case recently with some of our garages, they have been demolished and the sites are being redeveloped with new homes. Where we do dispose

of properties that are not suitable or sustainable as affordable housing, the proceeds are used to support the development of new homes. We have disposed of 2 properties, comprising of 4 homes in 2018-19 and identified a further 9 homes in a listed building converted into flats that incurs very high maintenance costs that we have plans to dispose of in 2019-20. These actions allowed us to achieve the target to reduce the number of poor performing assets and to meet the target in the future.

- The cost of repairs to void properties and the lost rental income due to the amount of time that a property was vacant due to the turnaround time have both received much scrutiny and were subject to a lean process review. The process still needs further work. The way that void repairs are purchased and invoiced changed in July 2018 and we are beginning to see a positive impact on both turnaround time and the standard of the property on letting and hence reducing void losses. We do currently have an issue with the cost of some voids being above what we would expect. Although the overall number of voids has fallen from 262 in 2017-18 to 215 in 2018-19, we are seeing an increase in the number of voids which are costing over £4k to repair. There were 67 in 2018-19, including 10 which cost over £10k. This has resulted in an overall cost increase of £20k to the void repair costs. An in-depth analysis has been done to identify any trends or patterns in order so that we can put steps in place to try to improve this problem. We are now looking at where to focus KIT visits and property MOTs to target potentially higher risk homes.
- The void loss on garages has not met the target and has in fact risen from the 2017-18 figure of 13.5%. A review of our garages was conducted by the tenant Scrutiny Panel and in early 2018 an action plan was put together to work towards improving all aspects of the garages including the quality of the building, the repairs process, the licence agreements and the charges.
- The delivery of new homes fell short of the target set for the year. The delivery of some homes has been delayed due to the availability of labour, which affected two sites and the development of some homes have been delayed due to an issue with a gas pipeline. However, new supply is forecast to increase and there are currently commitments to build 34 affordable rented properties - 22 social rented properties and 12 shared ownership properties.
- The implementation of Civica Cx, the new housing management system which went live in February 2019, has allowed us to look at more efficient and secure ways of processing our data. The 'go live' was delayed by around 10 months as we wanted to be sure that we were able to change software providers safely and without putting the organisation at risk. We went through a thorough testing process, which uncovered some issues and took longer than initially planned. The decision was also made that the implementation would be split in to stages, so some of the modules are still being developed. The initial implementation will be followed over the next 18 months with the implementation of phase two. There have not been any savings

from using the new software as yet. It is still in the bedding in phase and is not yet being used to its full potential.

- A zero inflation budget has been maintained for 2019-20 which will help in maintaining the profit margin.
- We continue to be a member of the Advantage South West Procurement Consortium. This organisation exists to improve lives and homes through innovation and collaboration and improves value for money for its members. In 2018-19, the savings delivered through the membership of this consortium totalled over £150,000. Most of the savings were through the reduced cost of windows and aids and adaptations.

Annually we submit data to Housemark to allow us to compare our costs and satisfaction against a variety of peer groups. The peer group that we use and evidenced in the table below is ‘all South West Housing Associations’:

Teign Housing Cost Per Property			Comparison Group	Comparison Group
			Median	Upper
	2018-19	2017-18	2017-18	2017-18
Department	£	£	£	£
Major and Cyclical Maintenance	1,220	1,311	1,404	1,146
Responsive and Void Repairs	621	579	837	774
Housing Management	565	571	464	423
Estate Services	162	167	176	156
No of Properties	3,669	3,622	5373	3693

Major and cyclical maintenance costs compare favourably to the median as do responsive repair and void costs. Housing management costs are above the median comparison group and are showing a slight improvement on last year. A full review of the provision of housing for older people called Project Transformation is underway, which will take an in depth look in to the services provided, the quality of those services and possibly widening what we offer. We will look at costs and the use of resources. Estate services have also shown a slight improvement and are below the median comparison group.

What we will do next

During 2019-20 we will be working towards the targets in the VfM action plan and will be continuing to work on the major projects already underway. There are also initiatives which will result in further cost savings:

- The shop that we had in the town centre of Newton Abbot closed at the end of July 2019 meaning savings from rent, rates and running costs.
- The implementation of Civica Cx phase 2 will continue throughout the current year and will be complete in 2020. When the Cx software is fully implemented we expect that there will be a reduction in processing time of 40%. We will start to see the benefits of a reduction in licence fees from system consolidation in 2019-20 of £9,500 per year.
- 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 residents in the transition to Universal Credit, but also to help mitigate the possible rent arrears and reduced cash flow that could result from this and help us achieve the rent arrears targets.
- 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.
- In February we implemented a new software package called Mobysoft, which is a tool to assist the Rents Team in chasing debts more efficiently so should further improve the already positive rent performance.
- We continue to work on the garage action plan, to improve the service provided to our residents who rent garages from us and improve the quality of garages through a planned maintenance programme. The amount spent in 2018-19 on planned garage repairs was £19k. The budget for 2019-20 has been increased to £47k to improve their quality and hopefully make them more attractive to potential residents. There has been a recent drive to advertise our vacant garages to help reduce the void losses.
- It was our intention to bring the payroll processing for Teign in-house in the autumn of 2018. This was not successful due to the primary focus being on the implementation of the new housing management system. Due to the delay the planned savings anticipated have not yet materialised, but this is now planned to go ahead in late 2019.
- Technological enhancements are being implemented along with the new housing management system. The website was redesigned in 2018 to allow residents greater and easier access to services and, in some areas, for more automated responses to be delivered thereby reducing staff involvement. This will continue to be developed to offer a wider range of information and services to our residents. We are also reviewing mobile working practices to provide more flexibility for our employees and to enable them to be more accessible to our residents.