



# Housing Plus Group

Value for Money  
statement

# 2016/17





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# Statement from the Chair



In October 2016, Housing Plus and Severnside Housing merged to form Housing Plus Group Ltd. Through this merger, recurring efficiency savings will boost surpluses and increase potential borrowing capacity by an estimated £50 million. The new combined business will:

- ◆ Ensure financial resilience and the capacity to continue to grow
- ◆ Increase housing supply via a more diverse development programme
- ◆ Enhance productivity and performance in Property Plus
- ◆ Offer growth opportunities to Care Plus
- ◆ Sustain and develop future-proof services for customers and investment in homes
- ◆ Deliver successful transformation and drive the value of the merger for the benefit of existing and future customers

The Group has approved a new **Value for Money (VfM) strategy**, including a revised definition of VfM:

***‘to manage resources providing quality services and homes, and to plan for and deliver year on year improvements on our services’***

As a newly merged business, Housing Plus Group and its members are committed to delivering good quality, affordable homes and services in Shropshire and Staffordshire. Our vision is to be:

### **A resilient and growing business**

- ◆ A dynamic, viable and growing perpetuity business
- ◆ Developing more homes to meet a range of needs
- ◆ An efficient and compliant business

### **Focused on customers, communities and homes**

- ◆ Providing excellent homes
- ◆ Investing in our communities
- ◆ Engaging and supporting our customers

### **Developing and supporting our people**

- ◆ Supporting staff to embrace change
- ◆ Knowledgeable and caring staff
- ◆ Enhancing the skills of our people

We continue to operate in a climate of financial and political uncertainty:

- ◆ Our customers are under pressure from reduced public services and welfare cuts
- ◆ Brexit is leading to increases in the costs of goods and services due to the weakening of the pound

The Group is pleased to report a consolidated surplus of £6.4m for the financial year 2016/17, an additional increase of £1.3m over our original budget.

We had confidence that the larger, stronger Group would be able to

deliver on our commitment to provide the best possible homes, care and services for people and communities. In fact, our achievements have been better than anticipated, we have:

	We said	We delivered	Value
New homes	We would provide 165 new homes	We built or acquired 200 new high-quality homes	Increased turnover, housing 35 more families
Repairs	We would fix 84% of responsive repairs in a single visit	90% of responsive repairs were resolved on first visit	Reduction in responsive repair costs
Customer service	We would answer questions, requests and queries to our customer service team in a single contact	88.5% of calls were resolved in a single call	More efficient service
Rent arrears	We would keep rent arrears down	Rent arrears fell to 0.94% in Shropshire and 1.34% in Staffordshire, making us one of the top performers in the sector	More income to invest in properties and services
Money advice	We would achieve an 80% success rate for customers referred to our employment and money advice team	89.7% of customers referred to the team were successfully supported	Tenancies sustained, customers lives improved

Ensuring that our properties are safe for our customers and staff has always been a priority. The recent tragic fire at Grenfell Tower in London reinforces our priority to ensure that Value for Money does not mean the cheapest. The delivery of services and procurement of goods and services will always be assessed on quality as well as cost.



A handwritten signature in black ink, appearing to read 'R. Levesley', with a long, sweeping underline.

**Rolf Levesley**  
Chair, Housing Plus  
Group board

This Value for Money statement will demonstrate:

- ◆ how our costs and performance are measured and benchmarked
- ◆ how we have made efficiency savings
- ◆ our return on assets
- ◆ our plans for future efficiencies

# Governance and monitoring



Over the past year Housing Plus outlined what Value for Money means for the new Group to ensure a golden thread runs through the organisation for VfM to be constantly monitored and reviewed.

The use of Housemark performance data has been reviewed to benchmark the Group.

The new Group has joined the Housing Efficiencies Working Group pilot and the Sector's Scorecard. There are 15 proposed indicators, grouped into five areas:

1. business health
2. development — capacity and supply
3. outcomes delivered
4. effective asset management
5. operating efficiencies

These indicators will be concise and will allow us to compare like with like, while recognising that the housing association sector is diverse, encompassing a wide range of legitimate social missions. The indicators allow each organisation to tell the story of their own strategic decision making and set out the context for their own inputs, outputs and outcomes.

The board and its audit and risk committee have assisted in the development of a new Group VfM strategy, procurement strategy and procurement policy.

All boards review assurance scorecards on a quarterly basis to ensure the delivery of the corporate objectives and monitor regulatory compliance.

The executive team reviews performance across the business on a quarterly basis via a business review process.

Reviewed the model of customer involvement and engagement policy, resulting in rationalisation of customer involvement groups across the group and a programme of transactional surveys that will see a significant increase in actionable customer insight.

The new Group has established a business improvement team to ensure that projects capture VfM in a consistent way across the Group so that outcomes are monitored and reviewed.

## **New group VfM**

A new Group Value for Money strategy has been published and approved by board. The board incorporates business foundations and plans, including the VfM strategy, to ensure delivery of our corporate aspirations, demonstrated in *fig. one*.

In parallel to this, a new Procurement strategy has also been approved which focuses on 'buying better' by adopting best practice such as electronic processes, developing staff skills, category and contract management and data analysis. Procurement consortia will be used where it proves cost effective, assessing unit costs, the costs of set-up and contract costs. For major contracts, we will adopt a sustainable procurement process as per *fig. two*.

*Fig. one: Strategic aspirations*



*Fig. two: Sustainable procurement process*



# Costs and performance



## Benchmarking

Housing Plus Group recognises that the regulator is increasingly focused on how registered providers optimise efficiency in the achievement of objectives.

A key corporate objective is to deliver merger, integration and value for money targets.

In order to do this we must understand our costs and measure our performance.

Housing Plus Group uses various sources of benchmarking to monitor performance against our peers such as the Homes and Communities Agency (HCA) global accounts. Severnside, pre-merger made use of Housemark to benchmark service areas with a peer group of similar organisations. The new Group has made a decision to adopt Housemark for all landlords in the group therefore South Staffordshire Housing Association (SSHA) will be included for 2017/18. The Group has also joined the Efficiencies Working Group pilot of the Sector Scorecard.

### Housemark benchmarking

Severnside Housing uses Housemark to benchmark costs for specific service areas against a peer group of 34 other similar organisations – large-scale voluntary transfers (LSVTs) in the central region with between 2,500 – 7,500 units.

#### Performance chart key

1. Responsive repairs and voids works
2. Rent arrears and collection
3. Anti-social Behaviour
4. Major works and cyclical maintenance
5. Lettings
6. Tenancy management
7. Resident involvement
8. Estate services

### 2013/14



### 2014/15



### 2015/16



Analysis of 2015/16 data demonstrates a consistent and positive trend.

Responsive repairs, voids and major works are in the good performance, low cost quadrant. Post-merger costs and practice in this area should see further improvements for 2016/17. The cost of lettings and rent arrears and collection has reduced whilst maintaining good performance.

Figures for anti-social behaviour in 2016/17 have not been entered onto Housemark, therefore this result is not shown for this year.

## Global accounts

The HCA published global accounts data for 2016 in February 2017 and this data should be used to assist registered providers to understand costs. To optimise efficiency in achieving their objectives, providers should use this data to understand absolute and relative costs and make decisions. Particularly where costs are relatively high, organisations should be able to explain why this is, or have a plan to reduce costs or improve outcomes in these areas.

The table that follows demonstrates key results compared with Severnside & SSHA with all global accounts providers and our Housemark peer group (Central LSVT's, 2,500 - 7,500 units) for 2016/17. For the purposes of this year's transition, benchmarking has been analysed by the two individual associations due to the merger half way through the financial year.

In 2017/18 we intend to review the peer group findings from historical global accounts data. The findings indicate that there are factors which influence results and these factors include LSVTs transferred 12+ years ago. The information can be compared to traditional providers who have a high proportion of supported housing and housing for older people. These kinds

of homes are associated with higher material costs than general need properties. Our geography and stock types also have an influence on costs.

To summarise the results in the table:

We would consider this to be a good result considering that both organisations have over 20% Housing for Older People (HOP). South Staffordshire Housing Association (SSHA) has 13.2% supported housing (excluding HOP), analysis of global accounts data has indicated that the management of supported housing can increase costs by £1,800 per unit managed. This would account for £1.425m in management costs which the group has absorbed into a headline cost, which is better than the median for all registered providers.

We have worked hard in both in-house repairs and maintenance teams to make efficiencies to counteract the effects of the 1% per annum rent reduction. Maintenance costs have been maintained in 2016/17, because rather than reduce expenditure, we have chosen to invest further in our properties. In particular we have invested more money in planned maintenance. As part of the roll out of the merger, planned expenditure has been diverted away from responsive repairs to planned MOT works and electrical testing and inspection works.

Overall the board considers these results to be excellent, with the knowledge that there are further efficiencies to be made due to merger.

It has been re-emphasised that quality and compliance are an absolute priority for Housing Plus Group. As part of the merger, a dashboard has been introduced to report consistent recording of compliance across the group.

Key ratios	Headline social housing cost per unit	Management costs (inc. other costs) per unit	Repairs and maintenance costs (inc. capitalised costs) per unit	% of current tenant arrears at the end of the year	% lost through void property	Bad debts for the year
HCA 2015 average	£3,550	£1,125	£2,054	4.2%	1.6%	0.8%
Sevenside 2015	£3,420	£1,529	£1,891	0.8%	0.86%	0.65%
Quartile						
SSHA 2015	£3,590	£1,350	£1,880	3.08%	1.79%	0.56%
Quartile						
HCA 2016 average	£3,570/ <b>£3,370</b>	£1,230/ <b>£1,060</b>	£1,780/ <b>£2,040</b>	3.35%	1.23%	0.54%
Sevenside 2016	£3,427	£1,530	£1,840	0.81%	0.69%	0.65%
Quartile						
SSHA 2016	£3,421	£1,330	£1,760	2.33%	1.53%	0.37%
Quartile						
HCA 2017 average	£3,296	£1,118	£1,630	2.77%	0.83	0.43
Sevenside 2017	£2,878	£1,309	£1,416	0.94	0.8	0.53
Quartile						
SSHA 2017	£3,441	£1,225	£1,837	1.34	0.6	0.27
Quartile						

### Key

-  Upper quartile
-  Middle upper quartile
- Bold** = Peer group average
-  Middle lower quartile
-  Lower quartile

# Group performance



The table below shows how the subsidiaries have performed against budget, demonstrating how the consolidated surplus of £6.42m has been created across the Group:

	2016/17				2015/16	
	Actual		Budget		Actual	
	£k	Operating surplus as % of turnover	£k	Operating surplus % of turnover	£k	Operating surplus % of turnover
<b>Housing Plus Group</b>	149	—	422	—	62	—
<b>SSHA</b>	2,581	29.7% ✓	2,521	27.2%	1,592	28.7%
<b>Severnside</b>	3,868	35.8% ✓	2,090	31.1%	3,245	28.8%
<b>Care Plus</b>	148	6.1% ✓	1	—	(106)	5.9%
<b>Property Plus</b>	(100)	-3.2% ✗	0	5%	57	3.5%
<b>AWEL</b>	(74)	-6.3% ✗	57	4.5%	6	11.9%
<b>Total inc. adjustments</b>	<b>6,422</b>	<b>32.1% ✓</b>	<b>5,091</b>	<b>28.9%</b>	<b>5,039</b>	<b>N/A</b>

The surpluses of our stock holding social landlords, Severnside and SSHA, continue to increase, reflecting the efficiencies made to counteract the 1% rent reduction.

The merger between Housing Plus and Severnside has had a major impact on some of the expenditure budgets, this was evidenced in staffing costs following redundancies made at senior management level due to duplication. Within Severnside there were considerable savings in repairs and maintenance budgets through efficiencies and work types undertaken.

Post-merger the two electrical contractor companies Property Plus Midlands Ltd (formerly know as A Walters Electrical Contractors Limited) and A Walters Electrical Limited (AWEL), who had historically been subsidiaries within Severnside, were separated into two autonomous companies (having previously shared management and back office costs). The workflow within Property Plus was temporarily changed to concentrate on changing the electrical testing schedule to meet best practice from a 10 year cycle to a 5 year cycle, this lower valued work primarily led to a

£104k deficit — but is reflected in the savings made in Severnside.

From April 2017 Property Plus is the vehicle through which all in-house repairs and maintenance services will be provided to customers of both SSHA and Severnside and is forecast to make a £450k surplus in 2017/18.

AWE's deficit was primarily due to the higher level of fixed costs (including managerial and administration staff) following the split of management responsibilities at the time of merger. This is not expected to make a loss in 2017/18.

Care Plus achieved a £148k surplus compared to the budget of a break even position mainly due to the efficiencies gained from no longer using agency staff, and becoming more efficient.

## **IT benchmarking**

For the last six years Severnside Housing has worked in partnership with Shropshire Housing Group to deliver IT services, UniTe. This partnership ended in July 2017 as Shropshire Housing Group prepared to merge with Herefordshire Housing Group. This impacted the associated costs and delivery of certain projects. Due to the need to restructure the IT team, the ratio of IT employees to staff is now 1:40 rather than the previous 1:51. This remains good value against the sector average of 1:30 and part of the increase in IT staff numbers results from the conscious decision to develop IT services and systems for agile working for the benefit of the new Housing Plus Group.

The split has also impacted upon project delivery with proposed remote desktop services not going live when planned. This will now be completed as part of merger consolidation works to deliver service improvements and flexible working practices which will

reduce other costs such as travel between sites. There have also been contractual changes between Housing Plus Group and Shropshire Housing and negotiation with suppliers has resulted in a favourable new contract including the removal of £100,000 potential split costs.

As part of merger reviews we are consolidating contracts and systems with the aim to make the IT setup simpler and easier for staff to use, whilst also reducing the overall cost of IT for the Group in the future. The resulting contractual savings will be approximately £100,000 per annum once the consolidation of systems and services is complete over a two year period.

## **Asset management materials benchmarking**

As part of the merger plan, Severnside Property Services and Property Care, the in-house maintenance teams for Severnside and Housing Plus respectively, have begun working together, from 1st April 2017, this has been formalised in the creation of Property Plus (Midlands) Limited, a construction company which aims to deliver the majority of repairs and maintenance for the Group with our own employees, making significant VAT savings.

Progress had already begun in 2016/17 to rationalise specifications and suppliers across the Group, to take the best of both organisations. A process of internal benchmarking has taken place to decide on specifications and suppliers who can offer the best products based on whole life cost and service efficiency. So far over £20,000 has been saved in material costs through re-negotiation of boilers, and efficiencies have been made by delivering packs of materials direct to site.

# 2016/17 review of Value for Money



## Have we done what we said we would do?

Last year Housing Plus and Severnside Housing published separate VfM self-assessments, both with commitments on our plans for making efficiencies over the next 12 months, in the section below we will demonstrate the progress made.

Inevitably the merger of the two organisations has taken priority over some of the previous commitments however, we have found that merger has accelerated progress in some areas.

### Merger efficiencies

One of the motives for merger was to become a stronger business. We recognised in some areas that our overheads were higher than the sector median, some of these costs were explained in the previous section however, the merger will enable us to gain further efficiencies.

The full business case for merger set out some expectations for initial savings for the first six months ending March 2017. It anticipates savings of £53,000 with one-off costs of circa £700,000. In a report to the group board in May 2017 it was confirmed that savings achieved were just under £80,000, higher than expected, with one off costs of £46,000 lower than expected. Therefore for the first six month period there was a positive variance of £125,000.

The full business case sets out how the Group's combined operating margin will have a significant impact on the capacity and robustness of the new organisation. Around £2.8m per annum of additional revenue efficiencies have been identified as deliverable from 2019/20 once merger transactional costs have been met.

The following table sets out the profile of the savings in the full business case over the first five years post-merger on 1st October 2016:

	2016/17 Year 1 (£K)	2017/18 Year 2 (£K)	2018/19 Year 3 (£K)	2019/20 Year 4 (£K)	2020/21 Year 5 (£K)
<b>Cost savings realised</b>					
Year 1	50	50	50	50	50
Year 2		750	750	750	750
Year 3			1,100	1,100	1,100
Year 4				900	900
Year 5					200
<b>Total costs savings realised per annum</b>	50	800	1,900	2,800	3,000
<b>Integration costs per annum</b>	(700)	(1,800)	(500)	0	0
<b>Business plan impact</b>	(650)	(1,000)	1,400	2,800	3,000

## Asset management

### Sevenside made commitments to:

- ◆ Review the external decoration programme

This expenditure with an external contractor has stopped and has been integrated into the new MOT programme which is explained in more detail below.

Bringing this work in-house enabled us to pilot a new home improvements team (HIT) who are specialists trained in the use of access equipment. This significantly reduces the time taken to carry out tasks which involve working at height and the cost of traditional scaffolding.

- ◆ Review of flat roof replacement and gutter cyclical maintenance specifications

Rather than sub-contracting this work, an internal team are being trained to lay liquid plastic flat roof coverings which have a 30 year life span, thereby improving whole life cost and saving at least 20% by not paying VAT on external contractors.

- ◆ Review condensation and mould growth procedure to reduce complaints, compensation claims and inspection visits.

Inspectors have had training on building pathology to improve diagnostics, the kitchen and bathroom specification has been improved to install positive input ventilation. Since merger, 35 on-going cases of mould or condensation have been successfully addressed, saving inspection time and improving customer satisfaction.

Reducing the volume of repair pre-inspections and avoidable contacts has improved the customer experience and our own efficiency.

Property Plus has worked with the customer service team to implement Keyfax repair diagnosis software,

which improves first time fix levels (these have already improved to 90%), along with the introduction of the Fair Landlord service (explained below).

### Housing Plus made commitments to:

- ◆ Reducing operating costs focusing on Property Care

During the past year, Housing Plus saved £248,000 by re-allocating some repairs. Work such as gutter cleaning, external decoration, window repairs, fencing and paving, which would have been carried out previously as responsive repairs, have now been added into a cyclical property MOT programme.

The project is the cornerstone of our Fair Landlord campaign which ensures equal distribution of resources across our communities. At a time of unprecedented pressure on resources, Fair Landlord helps our customers receive a fair share of the available investment and enhances whole neighbourhoods rather than individual homes.

Responsive repairs represent a disproportionate allocation of budget towards a small number of customers. The MOT smarter home improvement project means we can do additional work, for more of our residents.

“Customers love the project because it doesn’t just improve their home, it brings a facelift to the whole neighbourhood”, says team leader John Grosvenor. “The reaction of residents is the best part of this job. It feels good to make a difference to a community.”

99% of customers who have received the service think the service is good or very good.

The MOT service has won the award for Customer Impact at the National Housing Maintenance Forum, highlighting how this innovative solution could be adopted throughout

the sector. It is currently being rolled out in Shropshire with two teams of six, plus a HIT team of six being diverted from responsive repairs to these more efficient planned works. This ensures that all of our properties will have an MOT every five years, which is good for our assets and also fair for our customers.

In addition to this, the external door specification has been benchmarked and reviewed, resulting in a saving of £34,000.

- ◆ Continue to bring more work in-house

Direct spend with external contractors has been reduced by 28%, equating to a saving of £800,000. Changing our policy on fitting kitchens in line with the stock condition survey rather than at void, reduces void losses and generated savings of £250,000 in the year.

- ◆ Offer a wider range of tenure types

The merger has enabled SSHA to tap into the skills and knowledge within the Severn Homes team who manage market rent and sales properties for Severnside, the current development plan for the next six years demonstrates the various tenures we are planning to introduce (*see fig, three*).

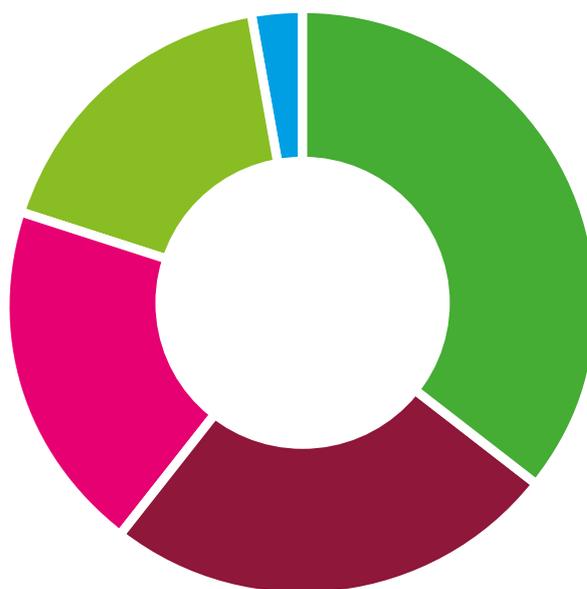
- ◆ Pilot Repairs Plus option

This is being rolled out as part of the Fair Landlord initiative however, it has been put on hold to enable Property Plus to concentrate on delivering the core service to our customers first right across the Group.

### Exploring Property Care academy

This project has been postponed; however, training for Property Plus and asset investment staff has been increased since merger to ensure all of the team have a consistent level

**Fig. three: Tenure mix – Number of properties planned 2017-23**



Social rent 244

Shared ownership 170

Affordable rent 134

Outright sale 117

Market rent 18

of expertise. For asset investment staff, training has been delivered on compliance, health & safety, CDM awareness and site management safety.

Property Plus staff have regular career days, to discuss training and aspirations and provide opportunities to grow within the business.

### Neighbourhoods

- ◆ Preparing staff and customers for welfare reform

We are continuing to monitor the impact of welfare reform. Rent arrears are monitored to ensure any increases are identified and actioned.

We have worked with Homes Board to undertake a detailed strengths, weaknesses, opportunities and threats (SWOT) analysis to evaluate the current income services in both SSHA and Severnside to ensure VfM. The analysis told us that both businesses have exceptional arrears performance, both reporting upper quartile sector performance for 2016/17.

It is important to ensure income collection is maximized and work is being done to address the threat of Universal Credit. There is a need to understand and forecast the impact on resources and fully calculate what performance can be delivered for what cost. This will lead to recommendations for team structure and options to make best use of technology.

There are opportunities to reduce the costs of payment methods and channel shift customers to cheaper options. This has the potential to reduce transactional charges by £50,000 per annum.

We have been successful in keeping our arrears low through challenging and uncertain times however, we are aware that there is more work to be done in the coming months around understanding if the effort put in to maintain this level achieves value for money.

### **New customer insight strategy**

We have reviewed the customer involvement policy, resulting in rationalisation of customer involvement groups that are able to conduct more consultation. Three new groups will focus on:

- ◆ Scrutiny
- ◆ Communications
- ◆ Complaints & Compliments

All groups will have a focus on value for money. Customer consultation will aim to collect views of all customers, particularly after customers have received a service.

### **Lone working and out-of-hours tenders**

A new lone worker contract has been negotiated for the Group saving over £10,000. This new system is high-quality, ensuring our staff are safe when working alone. A new Group out-of-hours contract will be tendered during 2017/18.

### **Recharge process reviewed**

Severnside's recharge and income posting processes have been reviewed. The administration costs associated with recharges and the actual recharge amounts themselves, will be significantly reduced during 2017/18 by ensuring that chargeable works are paid for in advance of work being carried out.

### **Mutual exchange process**

The process for customers swapping homes has been harmonised across the Group. The new process will reduce complaints over property conditions and repairs post exchange which will increase VfM.

### **Roll out of mobile working**

This project has been put on hold due to other IT priorities; this time is being taken to decide the best solution to be used across the Group in future.

## Resources

### Reduction in sickness entitlement and flexitime

A more equitable sickness policy has been introduced which provides fair terms and conditions, whilst protecting staff for up to two years off for serious illness. Severnside's flexitime allowance has been replaced with flexible working which is designed to support staff to work in a more agile way as required by modern business and lifestyles.

### Development of HR self-service system

A new self-service HR system has been rolled out to Severnside staff, saving over £20,000 in staff time and postage costs.

### Roll-out of virtual desktop and cloud computing

As part of merger reviews we are consolidating contracts and systems with the aim to make the IT setup simpler and easier for staff to use. We will also reduce the overall cost of IT services for the group in the future, taking advantage of the reduced costs of virtualisation and cloud based storage. The resulting contractual savings will be approximately £100,000 per annum once the consolidation of systems and services is complete over a two year period.

### Expansion of our domiciliary care business

Care Plus has been making savings by employing staff directly rather than using an agency, making a surplus of £148,000 against a target to break even. Merger has brought opportunities for us to grow this brand, so far we have been successful in being approved by Shropshire Council to enable us to offer domiciliary care services in Shropshire.

## Procurement

Procurement at Housing Plus Group continues to add value for money. Recent activity involves tendering internal and external audit saving £35,000 and re-negotiating boiler prices saving £20,000. The Group is currently tendering for a single insurance provider for December 2017 onwards.

Since merger, there has been a lot of activity regarding the development of a contracts database for the Group, which gives the procurement team strategic oversight to ensure compliance and value for money are being achieved. In the new Group, procurement responsibility is delegated to budget holders with the procurement team offering support and best practice to ensure compliance, benchmarking and value for money.

### New procurement strategy

A new procurement strategy has been approved which focuses on further increasing value for the next three years using best practice, electronic tools and data.

## Return on assets

### Active asset management

A new asset management strategy for the Group has been approved by board which sets out the following vision for asset management:

- ♦ Reduce reactive maintenance and increase planned works to 70%.
- ♦ Establish Property Plus as a construction company to carry out all maintenance and facilities management for the group.
- ♦ Align Severnside and SSHA's investment programmes to make efficiencies over the next 2-3 years.

- ◆ Consolidate component specifications focusing on whole life cost and quality
- ◆ Maximise value in our stock. This is particularly important to help secure future loan funding for the Group.
- ◆ Deliver a Fair Landlord service with clarity on which repairs are the landlord's responsibility and which are the tenant's. This is particularly important for responsive repairs where savings can be re-invested in planned maintenance by introducing the award winning MOT concept to Severnside.
- ◆ Meet all regulatory and statutory requirements. This includes compliance with gas and electrical safety legislation and other key areas such as fire, asbestos and legionella.

All assets will be reviewed with the long term aim of ensuring their optimal use. This could be retention and investment or disposal. The Housing Plus Group board has already agreed the key elements that will be used to assess assets for disposal. These elements are:

1. Financial performance
2. Demand
3. Sustainability
4. Development opportunity

The Net Present Value (NPV) of properties is actively monitored to help inform our stock performance. While a very limited number of stock returns a negative value, the data is utilised across a five and ten year profile period to assist when determining if a property should be considered for disposal.

The average SAP (Standard Assessment Procedure) rating, which

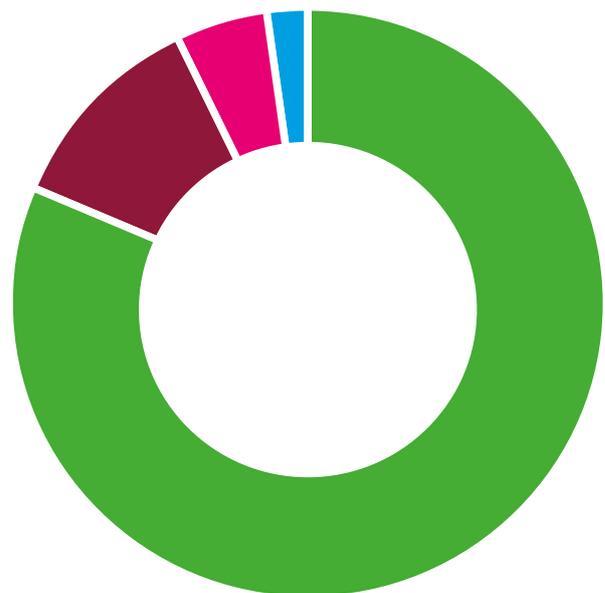
measures home energy efficiency is 69.5, this compares to the national average for the sector of 62.4.

## New developments

Merger has given the Group increased capacity to build by 683 units over the next six years. In 2016/17 we built or acquired the following properties, spending £22.6m, and receiving £955k of grant funding (*see fig. four*).

Since 2012, Housing Plus and Severnside Housing have invested a combined total of £20 million in 186 rural homes in Shropshire and Staffordshire to help address the problem of lack of affordable homes in the countryside.

**Fig. four: New development tenures 2016/17**



Affordable/discounted rent 163

Shared ownership 23

Social rent 10

Market rent 4

**Total 200**

## Non-property assets

One of three key priorities of the Group's new corporate plan for 2016-18 is to 'Develop and support our people.' We recognise that staff are a key asset and we are committed to providing training and support particularly during the merger.

Our teams have enjoyed recent success with awards which recognise how our staff are working to be the best and make Housing Plus Group as efficient as it can be:

- ◆ National Housing Maintenance Forum (NHMF): the Property Plus MOT team won the Customer Impact award
- ◆ Housing Heroes Awards: Care Plus carers were finalists in the Support and Care team of the Year category
- ◆ Electrical Contractors' Association (ECA): Property Plus was highly commended for training to support the growth of its in-house electrical team
- ◆ Housing Excellence Awards: Property Plus won the Best Repairs & Maintenance category for its innovative approach to planned maintenance including the MOT and Fair Landlord initiatives.

## Social and environmental improvements

### Investing in the local community

In 2016/17 Housing Plus Group built or acquired 200 more homes, to house 738 more people. Housing Plus has invested £22.6m, 62.5% of this has been spent with Shropshire and Staffordshire based developers, directly employing 538 local people.

### Employment Training

Housing Plus employs six apprentices in the Property Plus electrical team. This team was highly commended

at the ECA (Electrical Contractors' Association) 2017 awards for training to support the 400% expansion of the in-house team.

Property Plus likes to find rising stars within the organisation, and holds regular career days to understand staff's ambitions and training needs in order to progress and benefit the business through organic growth which reduces the need for expensive recruitment.

## Digital inclusion and tenancy sustainment

Money and employment advice teams have worked very hard to assist our customers across Shropshire and Staffordshire. In 2016/17 our teams helped 977 customers to receive additional income of over £1.6m.

Job Clubs at our Digital Den and Cyber Café have had over 500 attendances, enabling six people to successfully find employment.

## Thriving communities

Continuous recording of lettings and sales (CORE) data for 2016/17 has recorded that we have:

- ◆ Provided 2,241 people and their families with an affordable home.
- ◆ Taken 221 people out of homelessness, giving them a base to improve their lives and provide security.
- ◆ Provided 158 larger homes for families who are overcrowding their current property, which reduces stress and put pressure on families.
- ◆ Helped 42 people move to a smaller, more manageable property, to avoid increased poverty due to under-occupancy penalties (bedroom tax).
- ◆ Assisted 330 people move to a home that helped them manage their illness/disability and/or offered support.

- ◆ Helped 116 people escape domestic violence.
- ◆ Helped 323 people move to independent accommodation.

All of these outcomes help us to achieve our corporate priorities which are:

- ◆ A resilient and growing business
- ◆ Focused on customers, communities and homes
- ◆ Developing and supporting our people

## Environmental improvements

Photovoltaic panels were installed at over 15 sites, saving over 53 tonnes of CO<sup>2</sup> and providing an income of over £20,000.

A fleet of seven electric pool cars are used by over 90 members of staff. Usage is increasing month on month, covering over 20,000 zero emission miles in the first year, which has saved £9,000 in mileage claims.

Fitted 700 A+ rated gas combi boilers which are 94% efficient, replacing inefficient gas boilers or other forms of heating, leading to savings for our customers of up to £300 per year on their bills.

## How have we used efficiency savings?

In 2016/17 we made a surplus of over £6.4m above our budget which was a favourable increase of £1.3m. Most of these savings were used to reduce outstanding loan balances which support our 40 year financial plan, invest in our existing housing stock and expand our development programme.

## Future plans

At this time our focus is on delivering the merger integration plan which was

approved by board as part of the full business case for merger. To deliver the efficiencies in this plan, we have created corporate objectives which are linked back to our new Group corporate vision to be

***“An excellent provider of homes and services”***

## Key VfM objectives include:

### Business

- ◆ Maximising income streams
- ◆ Delivering excellent business performance – achieving business improvement strategy targets by 2017/18 as agreed by board
- ◆ Further growth of Care Plus
- ◆ Delivering merger, integration and VfM targets
- ◆ Developing group-wide procurement practices, ensuring on-going tendering and purchasing compliance and efficiencies

### Customers and community

- ◆ Delivering a timely, cost-effective responsive repairs service which fulfils our landlord obligations
- ◆ Developing a responsive repairs recharging service for customers who wish to commission Property Plus to undertake repairs which are the tenant’s responsibility
- ◆ Developing consistency of contact centre scripting across the Group to maximise first time response, call quality and first time call resolution
- ◆ Assessment of future demand patterns against stock type
- ◆ Review of the best use of non-housing assets, i.e. garages, green spaces, shops, etc.

## People

- ◆ Enhancing training and development programmes to support business and personal aspirations
- ◆ Supporting and training staff to ensure the highest level of professional competence and statutory and regulatory compliance

## Self-assessment

After taking into account the information outlined above, we the Housing Plus Group board believe the Group complies with the current VfM standard set by the HCA.

In compiling this self-assessment we feel that we have demonstrated our current and future plans and approaches to VfM which have been further enhanced during 2016/17 due to merger, therefore we are well placed to continue to deliver efficiencies.



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