

TAMAR HOUSING SOCIETY

VALUE FOR MONEY (VFM) assessment for the year ending March 2018

Introduction

VFM for Tamar is about improving performance through good leadership, and maintaining assets efficiently and effectively. It is about achieving growth through new ways of working, working with others and managing financial resources economically. Through engagement and openness in reporting and benchmarking, Tamar involves its residents and other stakeholders in the organisations improvement.

Tamar's Value For Money policy

Tamar's VFM policy can be summarised as follows:

- Being clear that everything Tamar does is linked to our corporate objectives
- Ensuring that VFM is embedded within the culture of our organisation
- Ensuring that VFM is the focus in all activities of our business
- Involving all Tamar's stakeholders in delivery and scrutiny of our business.

Our objectives are:

- To have a robust approach to decision making
- To have a clear understanding of return on assets
- To have a strong management and scrutiny practices
- To have a full understanding of the costs of our services

An overview of the period

We are two years into the four year government required reduction in rents. We have reviewed expenditure across the whole organisation to ensure that we can continue to achieve our business objectives and give value for money through the services we provide.







During the last year our Rentplus project has continued to grow. Units have increased from 51 to 78 affordable housing properties, including properties in Plymouth, Sherborne, Wembury and North Tawton.

Tamar has purchased 8 properties at North Tawton, and 8 properties in Plymouth.

The tragedy at the Grenfell Tower flats in London has had a profound effect on the housing sector. At Tamar, although we do not have any blocks effected by the materials used on the Grenfell flats, we are taking this very seriously. A further review of our fire safety procedures has been carried out and a number of improvements have been completed, see page 6 for further details.

Tamar has updated its corporate plan to reflect the strategic objectives agreed by the Board over the last year, including short, medium and long term targets. The plan includes Tamar's amended vision statement 'To deliver excellent customer service and finding innovative ways to meet the need for affordable housing'.

What did we say we would do, what did we achieve, and how does this create VFM?

Corporate objective	What we said we would do	What we achieved up to March 2018	How does this create VFM	How well did we do
Achieve excellent customer service	We will reduce void costs.	Despite an increase in voids during the year to March 2017, our average void costs have reduced.	- Average void cost has decreased from £1,819 in 2016/17 to £1,730 at March 2018	
	We will monitor our repairs costs.	Investment cost per property has reduced from £236 in 2017 to £183 in 2018 due to budget changes. This is a concern and will be addressed.	VfM is created by maintaining a level of planned works to reduce the level of responsive. The repairs ratio of responsive to planned has reduced from 1.08 in 2017 to 0.92 in 2018	
	Achieve an average repair end to end time of 7 days.	Through working closely with our new repairs and maintenance contractor we have maintained our targets.	- The average repairs end time at March 2018 is 6.4 days	
	We will continue to invest in our IT structure.	A full upgrade of the housing and finance system has been carried out. A staff survey has been completed assessing use of the system and its effectiveness.	- Issues are being addressed to ensure that the system operates at its maximum potential.	
Engage with tenants.	Analyse the new caretakers service for Value for Money	The caretaking and gardening review has taken place. The results show dissatisfaction in the caretaking services. The service is going to tender.	- An increase in resident satisfaction of caretaking services is expected.	
	We will analyse the results of our triennial resident satisfaction questionnaire	A report was discussed with the Board, staff and residents, with key areas raised.	By focusing on the key areas raised - resident involvement, the reputation of Tamar, and fairness to residents. Satisfaction should increase.	

	We will carry out a digital channel review	We have completed the review with a number of recommendations to improve our digital communication with our residents.	Reduce staff time and resources. Residents can access relevant information quickly and easily.	●
Maintain financial strength.	We will consider an alternative product for providing affordable rented properties through a leasing/management arrangement.	The Board approved two new schemes for the lease and management of affordable rented properties to commence 2019/21.	- New rental income stream from 105 properties over the next 3 years. - Diversification, offering a mixed tenure of affordable homes.	●
	Tamar will participate in the sector scorecard pilot scheme.	The results are given within the body of this report. The results have highlighted that management costs are high.	- The results, given within this report will help Tamar to monitor its objectives over a number of different areas.	●
	Carry out a full review of our asset management strategy.	The strategy was approved by the Board in June 2017 and updated February 2018.	To date 2 properties sold giving £200k to be reinvested in future development.	●
Provide more homes	Increase the number of properties in management.	We continue to develop the Rentplus project in partnership with Rentplus, and work on the strategic growth strategy, to increase the number of properties in management to 1000 and move into new geographical areas.	- Leased Rentplus properties have increased from 51 to 78 during the year. With 100 properties to be completed over the next year. and A further 117 in the pipeline	●
	Tamar will continue to work with other housing associations through rentplus.	Training has been given to Cornerstone in Exeter, King Street Housing in Cambridge' and Wellingborough Homes in Wellingborough.	- Additional income of £5K.	●
Achieve value for Money	Update the stock condition system.	We trained staff to carry out surveys of properties.	- We have saved an estimated £3k a year.	●
Strong leadership to ensure positive outcomes	During the review of the Corporate plan, a long term strategy will be considered	This was presented to the Board with short, medium and long term targets.	- The objectives are linked to various reports and policies to ensure continuous monitoring	●
Strive to be an employer of choice	We will develop and grow our staffing to support our strategic development.	We have recruited throughout the year to provide additional support for finance, development, housing and maintenance.	- We have recruited 4 trainees, and 2 new members of staff.	●

Achievements and future plans as we work towards our corporate objectives

Achieve excellent customer service

Tamar provides its customer services through a number of different methods. Up to date IT systems, use of social media's to enhance resident contact, provision of advice to residents, maintenance of properties and availability of staff to help residents with their queries.

Achievements

The welfare and benefits advisor has worked with 57 residents up to March 2018 on 145 different needs, giving advice on claiming housing benefit through to setting up payment plans for repaying debt. This is equivalent to increasing residents' income or reducing their outgoings by £312,133 a year.

We have recruited a second member of staff to work with residents to improve the level of service we provide.

The housing and finance system was upgraded in September bringing the system in line with the latest developments. A review of the system has been completed and the issues highlighted are being addressed.

The 2017 resident satisfaction survey was completed, the results are shown in the table below. The graph below indicates the key drivers behind resident satisfaction, the items in the right hand corner, are mainly concerned with customer service. Training has been given to all staff to ensure they are aware of the concerns and know how to improve on these areas.

Future Focus

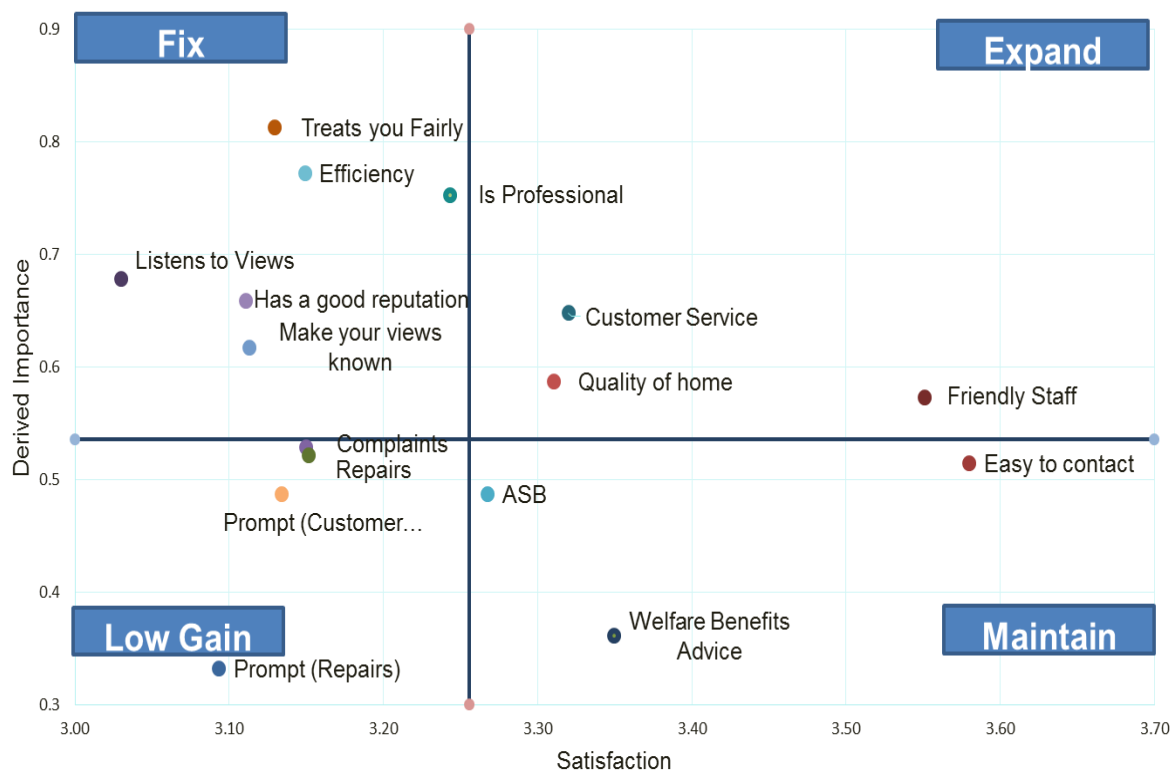
As our residents move over to universal credit we expect an increase in arrears but we will maintain the level at 4.5% on our general needs properties by following our action plan.

An action plan to address the satisfaction issues in the 'Fix' quadrant of the graph below will be drawn up.

Results of the resident survey carried out in 2017

Results	2005	2007	2010	2013	2017
How satisfied are residents overall	86.1%	90.1%	86.8%	93.1%	90.8%
Do you think the rent for the property represents VFM	89.4%	92.3%	86.4%	89.6%	89.6%
How satisfied are you with the condition of your property	85.7%	81.5%	81.6%	90.3%	93.3%
How satisfied are you with the neighbourhood as a place to live	95.0%	88.3%	89.9%	94.4%	92.3%
How satisfied are residents with repairs and maintenance	81.8%	83.3%	84.7%	80.2%	84.1%
How satisfied are residents with the way their views are taken into account	61.2%	N/A	74.0%	86.2%	80.1%
How satisfied are you with the way that Tamar keeps you informed	94.0%	87.5%	87.1%	93.7%	90.8%
How satisfied are residents with the outcome of ASB reports	N/A	N/A	62.8%	83.3%	93%

Customer Satisfaction - Key Drivers



Operational performance indicators

	Actual 14/15	Actual 15/16	Actual 16/17	Actual Mar 18	SWBM 16/17	Quartile rank
Current tenant arrears calculated as percentage of rents.	4.9%	5.1%	4.2%	4.3%	n/a	n/a
Rent lost through voids as a % of rents charged	0.69%	0.32%	0.24%	0.24%	0.34%	2
Re-let time per property (days)	31.9	15.6	17.3	11.6	17	3
Cost to re let a property	£1,313	£2,549	£1,819	£1,730	n/a	n/a
SAP ratings	72.1%	72.1%	72.5%	73%	n/a	n/a
Gas safety certificates	100%	100%	100%	100%	n/a	n/a
Average repair end to end in days	6.6	8.7	6.3	6.4	7.9	1
Percentage of residents who judged the repairs service as > 8 out of 10.	100%	95%	84%	97%	n/a	n/a

Engage with residents

Residents are regularly involved in reviews and decision making through the residents newsletter, the residents group (RISE), the residents scrutiny group, and through social media.

Achievements

As noted above the triennial residents' satisfaction survey was completed and we have discussed the results with our residents. The three main areas arising for the survey are:

- Resident involvement which has been discussed with residents, we will increase the use of social media. We have carried out a review looking at how residents use Tamar's website – actions have been agreed, Tamar's Facebook and twitter are reported on quarterly.
- Tamar's reputation will be reviewed. Staff training has been carried out to ensure that all staff are aware of the issues that were raised through the survey.
- Fairness to residents, the housing management team have reviewed their letters and the information they send out informing residents on decisions made.

A fire safety session was run by an external fire safety assessor for the resident group, and a fire safety report was presented, fire doors have been replaced at a cost of £37k and additional fire safety works carried out at a cost of £14k. No buildings were reported with cladding, therefore, no further action was required.

During the year we asked our residents if they were satisfied with the caretaker service provided. They said they were not so we have removed the caretaker and those services are going out to tender to be provided by a contractor. Although this will result in a higher cost, this will benefit our residents and result in higher satisfaction of the service provided.

A gardening review carried out during the year gave an average of 6.9 out of 10 for satisfaction with the service provided by the new contractor. No further action has been taken.

Future Focus

We will review our website and look at our digital offer to reach more residents and encourage their engagement with us using the recommendations from the process review completed during 2017/18.

We will continue to meet with our residents on a regular basis, involving them in the achievement of our corporate objectives.

Maintain financial strength

Annual budgets and accounts are reviewed and discussed in depth by the Audit Committee and approved at Board level. Treasury decisions, including cash flows and lending options are monitored and reviewed by Audit Committee and approved by the Board. Rent collection and arrears are monitored through PI's and reported quarterly to the Board. The 30 year business plan is updated twice a year and tested for continuing viability. The risk register is reviewed and updated quarterly. The asset management strategy provides the Board with a framework to ensure that Tamar's assets deliver value and support the corporate objectives.

Achievements

The introduction of the new Financial Reporting Standards (FRS) impacted the accounts from April 2014. Amendments to the lending covenants have been agreed with lenders to reflect these changes.

The Board approved that sale proceeds from the sale of properties and surplus arising from Rentplus will be reinvested in future development.

New funding streams have been considered and approved by the Board. These include managing the sale of shared ownership properties, the lease and management of affordable rented properties, and the long term lease reverting to freehold after 50 years of a mix of affordable and private rented properties. This will provide significant opportunities for Tamar and strengthen our financial position.

Tamar's risk map definitions have been revised to improve the risk review process, and a golden thread ties all the risks to Tamar's corporate objects.

The planned review of the annual asset management strategy has been approved. This gives outputs to be completed annually that will help Tamar to achieve its objectives through property reviews and disposing of older properties. Investing in

new properties. Maintain remaining properties and carrying out regular safety checks.

10% of our properties have been surveyed for stock condition, and updated on the system.

Tamar took part in the sector scorecard project during the year. These are shown below in the financial performance indicators table. This has highlighted that our management costs are high, although as we increase our leased properties the cost per property is reducing.

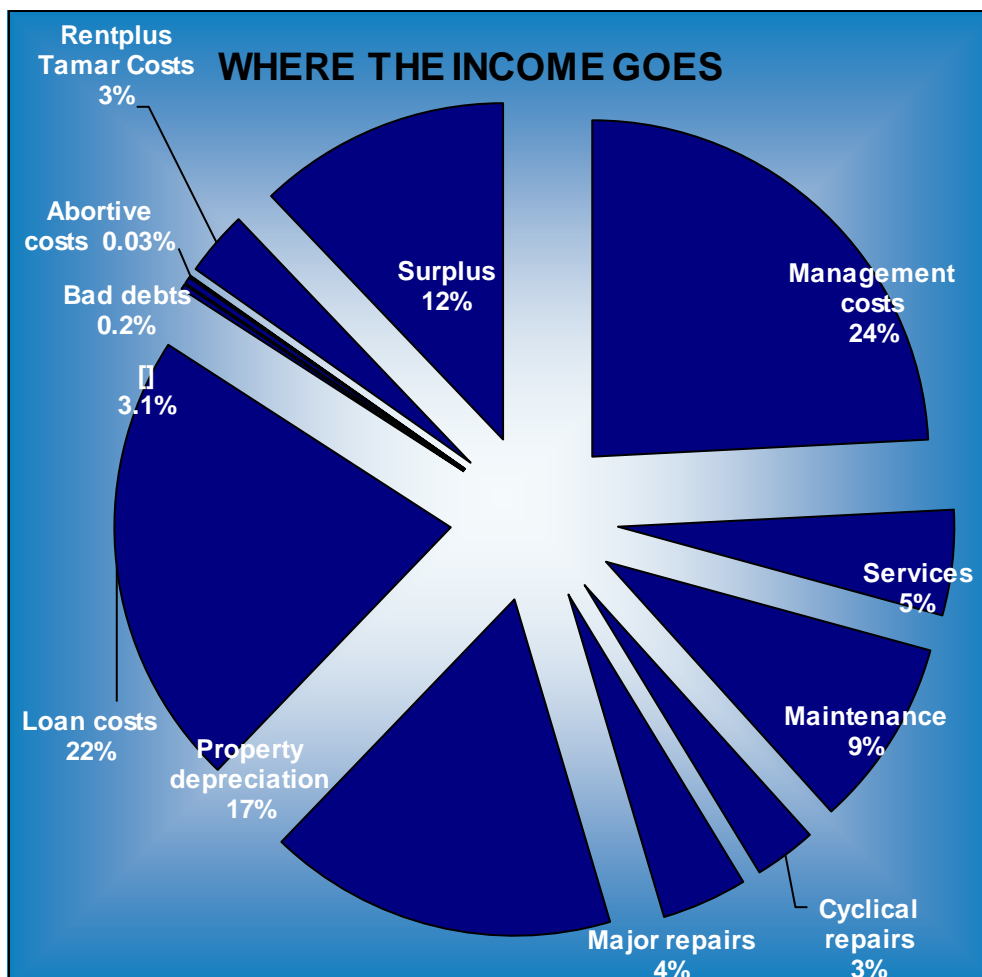
It is important to know how our income is spent to help us understand where our costs originate and plan for the future. The diagram below shows what we spend our income on.

Future Focus

We will continue to develop the new projects over the next year.

We will work on a development plan that utilises the surpluses arising from Rentplus and the other projects mentioned above.

We will review our management costs looking at how we apportion our overheads.



Covenants

	Actual 2015/16	Actual 2016/17	Forecast Mar 2018	Covenant
Gearing Lloyds (Debt per property)	£22,649	£23,477	£20,790	£25,000
Gearing Dexia (Debt less cash per property)	£21,095	£19,962	£20,787	£24,000
Interest cover Lloyds	142%	225%	224%	110%
Interest cover Dexia	142%	225%	225%	140%

Financial performance indicators

	Actual 2015/16	Actual 2016/17	Forecast March 2018	Peer group 2016/17
Head line social housing cost	£3,027	£2,618	£2,607	£4,092
Management cost per property	£1,333	£1,417	£1,353	£911
Investment cost per property	£567	£426	£183	£575
Responsive repairs cost per property	£683	£446	£281	£1,066
Repairs ratio (responsive: planned)	0.77	1.08	0.92	0.69
Gearing metric	43.53%	45.24%	45.67%	30.40%
Liquidity	2.14	9.70	6.84	2.11
Overheads as a % of adjusted turnover	25.38%	20.25%	19.29%	14.40%
ROCE	1.87	3.46	3.47	3.60
Operating margin	19.75%	26.44%	24.99%	26.20%
Operating margin SHL	19.49%	26.30%	25.95%	25.90%
EBITDA	97.69%	169.59%	169.71%	240.00%
Number of properties developed	20	40	42	2
Development % of stock	3.77%	7.53%	6.81%	1.10%
Reinvestment %	2.11%	1.88%	5.13%	Not known

Provide more homes

The development committee review all new projects to evaluate risk, and ensure value and quality, prior to Board approval. The development strategy sets out how growth will be delivered. Through a consultancy role with Rentplus the Chief Executive is able to report directly to the Board on developments with the Rentplus product and enable the Board to make informed decisions, quickly. The Chief Executive is on the steering group of the Plymouth Housing Development Partnership, and together with the development team works closely with partners to promote and develop the Rentplus product.

Achievements

During the year Tamar has purchased eight 1 bed flats in Plymouth using £400k of RCGF.

Four properties (two approved for sale last year) have been sold, the proceeds of £437k form part of the development funding programme.

Tamar joined the Wayfarer Development Consortium which includes organisations operating across the South and Southwest of England.

A project to lease and manage 45 affordable rented properties and sell 45 shared ownership properties was approved by the Board, and a new project to lease 40 properties for affordable and private rent has been approved by the Board. These will be developed over the next five years.

The number of Rentplus properties has increased from 51 to 78. 10 properties in Plymouth, 6 properties at Wembury, and 11 properties at North Tawton.

The pictures below are of 3 of our Rentplus properties at Wembury, and the opening ceremony at North Tawton, a site that includes 8 properties owned by Tamar and 11 properties leased through Rentplus.





Future Focus

100 properties have had contracts exchanged and are expected to be completed next year, and a further pipeline of 117 properties has been approved. We will continue to work with Rentplus to add more schemes to the pipeline.

We plan to build a further 7 properties during the year.

We will continue to dispose of poor quality stock.

50 properties for the new projects will come into management during the next year.

Achieve Value For Money

Contractor reviews are carried out annually, analysing satisfaction, value, performance and social value. Performance Indicators (PI's) are set annually, benchmarked against other similar sized organisations using the South West Bench Marking (SWBM) group, incorporating the sector scorecard and Homes England metrics, and reported to the Board quarterly.

Achievements

We have updated our current stock condition system which allows us to use our own staff to carry out the surveys. This gives an annual saving of £3,000 for 50 properties surveyed.

All approved contractors will be reviewed during the year. Reviews have been carried out on Novus, Crown Windows, Stay dry roofing, MSB and Otis lifts. We will be reviewing the contract for cyclical painting.

We are continuing to investigate procurement clubs for repairs, to help reduce our costs and improve quality.

We have selected three process reviews to complete during the year:

Fire safety – this involved the resident committee and highlighted a number of issues which have been rectified.

Advertising properties – this has recommended alternative sites to advertise properties that are hard to let.

Digital channel review- this has recommended further investigation into improving the web site for mobile phone access, and enabling tenants to view rent accounts and pay rent.

The following savings have been reported:

- £200 annual saving on the distribution costs of the resident newsletter through staff delivering rather than a company organising the delivery on behalf of Tamar.
- £100 saved through access to free training on universal credit.
- Parking facilities are being monitored to ensure full use of the carpark is being made at all times, saving on external parking costs.
- Workflows are being created to reduce the use of spreadsheets for information, this reduces staff time creating and updating spreadsheets.
- Free advertising sites were used for the recent two new staff vacancies saving £1,000.
- Warranties are being taken out on new components saving an estimated £5,000 a year.

Benchmarking and support is gained through membership of small groups. Staff have attended meetings with an HR group and the South West Benchmarking Group (SWBM) during the year.

Monthly meetings are being held with our new repairs contractor Spectrum, various issues are being discussed such as invoicing, call outs, service provision, customer focus, and training on Tamar's systems, to improve the service provided to our residents.

The Board approved a social value policy which sets out how we aim to create social value for our stakeholders, understanding that we are a small organisation.

Future Focus

We will continue to review our repairs contractor regularly to ensure that they provide value for money.

We will investigate further how we can improve the way our tenants communicate with us digitally.

We will reduce our management cost per property to £1,186 by March 2019.

Strong leadership to ensure positive outcomes

The Board is responsible for setting the strategic direction and monitoring progress against the corporate objectives. Audit and Development Committees are delegated areas of business for detailed consideration.

Achievements

2 new Board members bring expertise in finance, risk, strategy and customer focus. 1 member has left leaving a gap in HR and E&D.

An Audit working group met to discuss cash forecasting and to look at the treasury policy. Changes have been made to give more flexibility in length of time deposits can be placed, to allow Tamar to consider alternative ways of raising finance, and confirm that surpluses arising in Rentplus will be used for future development.

Board members have attended a VFM conference, SW leader's forum and the smaller HA's conference.

Future Focus

We will actively recruit new Board members and maintain the range of skills require, including a resident.

Strive to be an employer of choice

The Board review salaries annually, benchmarking to ensure that staff are paid at an appropriate level. Annual appraisals are carried out which encourage staff to participate and take responsibility for their development within the organisation.

Achievements

We have taken on a finance trainee a development trainee project manager, a trainee housing assistant, and a trainee maintenance surveyor, and we have employed two new members of staff.

We have carried out a review on health plans and consulted with staff. The result was to stay with the current provider.

A list of benefits that staff receive has been compiled and given to all staff, this includes health care, pension provision including life cover, flex time, extra annual leave days and purchase of additional annual leave, childcare voucher scheme.

One member of staff has attended leadership training.

Future Focus

We will work to achieve living wage accreditation.

We will carry out a staff survey.