

Genesis Housing Association

Board Meeting



Date: 30th September 2014

Item: 11

Title of Paper : Value for Money Assessment
Status : For Approval
Attachments : Appendix 1: GHA VfM Strategy 2013-15
Appendix 2: Value for Money Annual Assessment
Appendix 3: Improvement work completed & planned

1 Executive Summary – Purpose of Paper

- 1.1 To provide an updated position from the May report
- 1.2 To review the Value for Money requirements
- 1.3 To review the annual VfM statement (due for submission by the end of September)

2 Recommendation

- 2.1 The Board is invited to
 - a. Note the VfM regulatory requirement, and
 - b. Approve the annual VfM statement

3 The Value for Money Requirement

3.1 The Strategy at Appendix 1 was agreed by the Board in May 2013 and is included as reference to the requirements as set out by the Regulator. The Regulatory Standards state that Registered Providers should:

- i) Have a robust approach to making decisions on the use of resources to deliver their objectives, including an understanding of the tradeoffs and opportunity costs of its decisions
- ii) Understand the return on its assets, and have a strategy for optimizing 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 organisations purpose and objectives.
- iii) Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance
- iv) Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

3.2 Registered providers should 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 is set 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 should:

- Enable stakeholders to understand the return on assets measured against

the organisation's objectives

- Set out the absolute and comparative costs of delivering specific services
- Evidence the value for money gains that have been and will be made and how these have and will be realised over time.

4 Value for Money at Genesis

- 4.1 We achieve VfM when we meet or exceed the service standards that we have agreed with our customers and the service is delivered using a level of resources (money spent, staff time and use of existing assets e.g. office premises) that is in line with the standard of service we are aiming to deliver. The assessment of the resources required for the delivery of a service and the commensurate quality expected of the service will be affected by a number of factors including:
- The views of customers, especially in terms of the priority of the service being delivered
 - External comparisons against others including benchmarking information
 - Any special circumstances relating to the service or service user group
 - Regulatory or other external factors
- 4.2 VfM should be seen within the context of the overall strategic objectives of an organisation, Genesis has clear aims and objectives against which it measures performance.
- 4.3 As with the previous year, each service area completed a VfM assessment to establish the status of VfM, using cost and quality information to make a value for money judgement of their service. They were also required to plot where they expected their service to be in terms of value for money in the future and how they would get there.

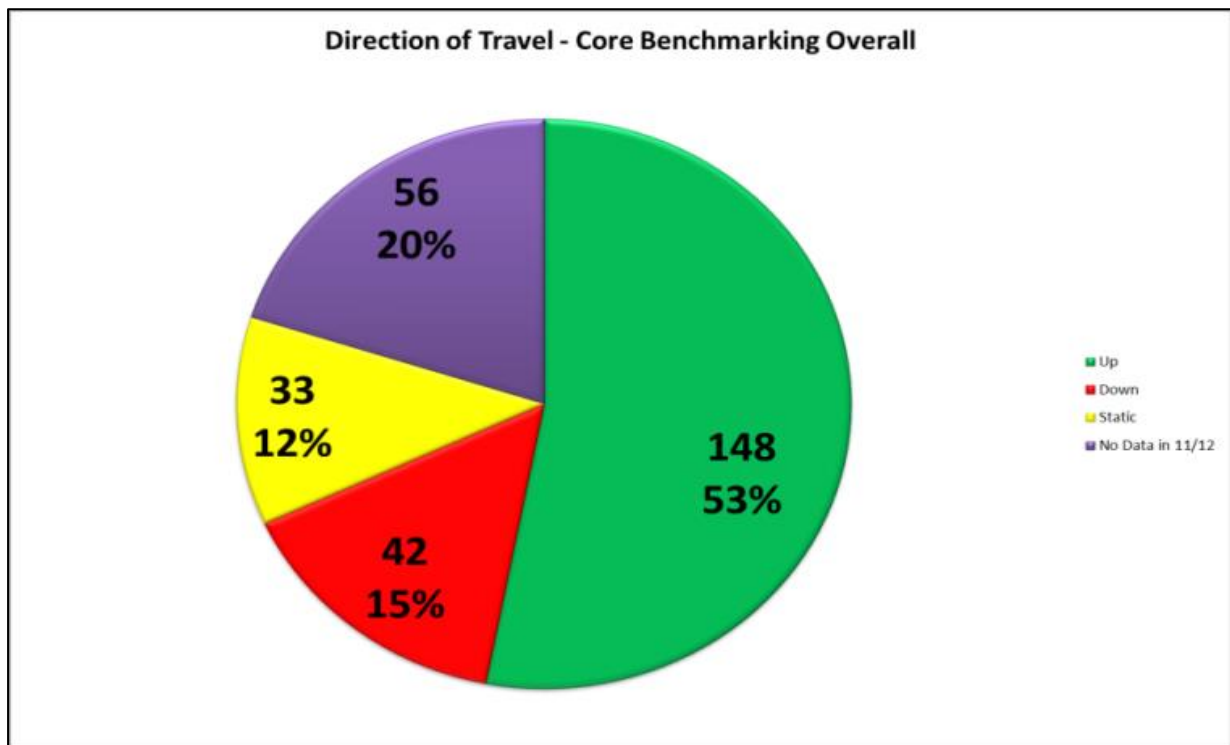
5 What have we done in 2013/14

- 5.1 The benchmarking at this time is based on the financial year ended March 2013 as 2014 results are not available until the autumn.
- The report showed a significant improvement, with 53% of measures improving and 10 measures now in first position across the G15.
- 5.2 In the intervening year we have seen the close out of the GWP programme in line with original time expectations in all areas except three (repairs, service charges and CRM). All of the outstanding areas are ongoing and repairs will see the gradual mobilisation of a new contractor, between July and October, with the potential to deliver at least £10m per annum of savings. The Service Charge project is scheduled to be completed at the end of September, although the system is being used for revisions to service charge estimates and the production of 2013/14 actuals. The CRM project is hard wired into our Service plan for the coming year and enhancements will be delivered throughout 2014/15 to enhance customer service and give greater visibility to service levels being provided across the business.
- 5.3 The overall cashable savings generated by the GWP will be in the region of £20m per annum, against original expectations of £9m, although a proportion of the savings on delivering repairs and maintenance is anticipated to be recycled in to accelerating the major works program.
- 5.4 One of the most transformational outputs of the programme is the conclusion of the majority of our staff restructuring which has ensured that our workforce structure and budgets for the coming year are in line with original promises and will deliver an annual saving of £4.6m.

6 Benchmarking Results

- 6.1 The benchmarking at this time is based on the Housemark and IPD index data for FY March 2013 as 2014 results were not available in a timeline to support publishing this report
- 6.2 A more detailed VfM report will be published in the transparency area of our website over the coming months. The area will also give updates on future benchmarking evidence as it is published.
- 6.3 The Housemark report showed a significant improvement, with 53% of measures improving and 10 measures now showing GHA to be in first position across the G15.

Ranked No. 1 amongst G15
Rent collected from former tenants
Resident involvement Direct Cost per property - non pay
ASB resolution rate
ASB direct cost per property - non pay
Average SAP rating
Major Works overhead cost per property
Responsive repairs and void works % urgent
Responsive repairs and void works % routine
Responsive repairs and void works % urgent and emergency
Number of urgent repairs per property



Highlights and Lowlights

Some of the most improved measures are:

- Involuntary Staff Turnover from 10.4% (lower quartile) to 3.3% (upper quartile); however with ongoing restructures this figure may well increase again for 2013/14.
- Write off, has moved from 0.83% (lower quartile) to 0.10% (upper quartile); this reduction may be linked to the increase in former tenant arrears. Former tenant arrears is now at 1.08% moving from 1% in 2011/12.
- Overhead Cost Per Property for Major Works & Cyclical Maintenance, moved from £69.23 (lower quartile) to £32.53 (upper quartile).
- Genesis' operating margin has improved from 18.2% to 20.4% (although still ranked last).

The largest deterioration was Non-decent dwellings which deteriorated from nil (1st position in 2011/12) to 3.9% (13th in 2012/13); this is due to data being more accurately collected and reported in the system than in 2011/12. Rent Collected from Current and Former Tenants (incl. arrears b/f), deteriorated from 101.8% (upper quartile) to 99.1% (middle lower quartile).

7 Self Assessment: Where are we now?

		Current Position 2013-14		
		SERVICE QUALITY		
		Basic	Medium	Higher
COST	Higher	HR Service Charges		Development
	Medium	Information Technology Leasehold Services Property Services	Estate Services Tenancy Management ASB Finance Contact Centre	Governance & Compliance Key Places Temporary Housing
	Lower	Portfolio Management Team Complaints Customer Involvement	Care & Support Commercial Team Lettings service Social Economic Regeneration Procurement	

- 7.1 VfM assessments have been based on Service Managers views and judgments and in most cases has been compared to available benchmarking and cost/budget information
- 7.2 Current position based on the 22 services shown above, 77% (17) of Genesis services are within the green areas of the VfM Grid shown. This is 2 more services than in 2012/13

		Future Position 2014-15		
		SERVICE QUALITY		
		Basic	Medium	Higher
COST	Higher		Information Technology	
	Medium		HR Leasehold Services Tenancy Management Property Services Portfolio Management Team Service Charges	Development ASB Temporary Housing Social Economic Regeneration Key Places
	Lower		Care & Support Estate Services Complaints Customer Involvement Procurement	Governance & Compliance Commercial Team Lettings Service Finance Contact Centre

7.3 The aspiration of service areas (bar one) is that services will be Medium to High in terms of Quality, and Low to Medium in relation to costs by the end of the current Corporate strategy plan – March 2015. Information Technology is one of the key enablers to this plan, and with the investment required to assist service areas become more efficient, the strategy is that this area should be high spend.

7.4 Appendix 3 of the report presents a table of the work undertaken in 2013/14 and the planned work for 2014/15.

8 Genesis Way Programme (GWP)

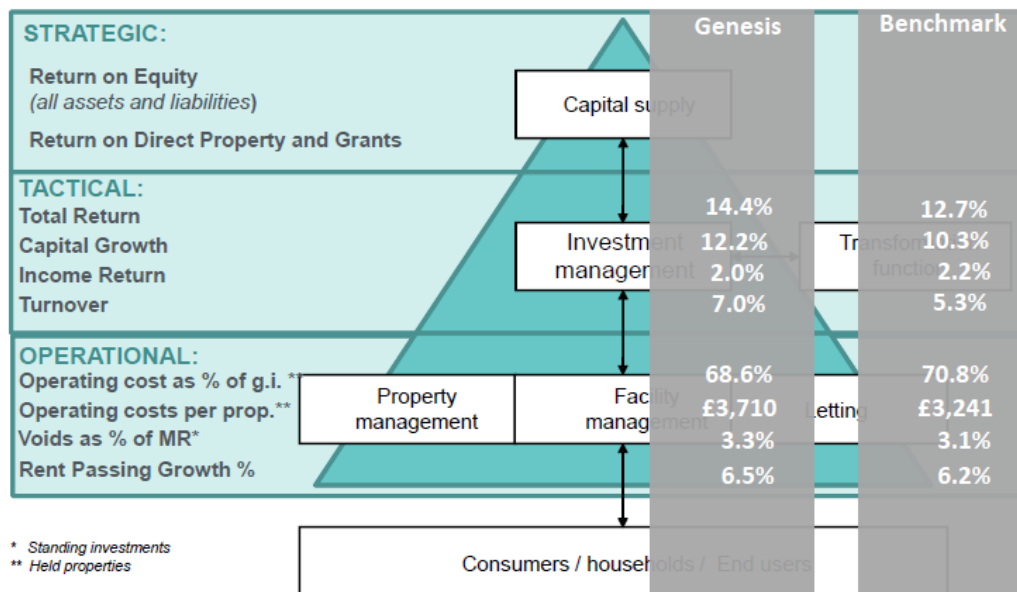
8.1 In the past year we have seen the close out of the Genesis Way Programme in line with original time expectations in all areas except three, repairs, service charges and customer relationship management (CRM) as detailed in 5 above.

9 Return on asset investment

9.1 We have been founding members in a group supported by the property index organisation IPD, the purpose of which was to enable social housing landlords the ability to use commercial skillsets and methodology to appraise the value and growth of the property assets. The work with IPD in quantifying both the capital growth and revenue return of all owned assets continues.

- 9.2 The tables below show the areas of growth and how we are comparing to the other members of the group, national housing indices and commercial sectors. By doing this work it also allows us to quantify the social dividend generated from our homes being at reduced rental tenures.
- 9.3 The annual growth in 2012/13 was 14.4% (12.2% capital, 2.0% revenue) which is higher than the benchmark group. The percentage of rent spent on operating costs is also lower than the benchmark group (68.6% v 70.2%).
- 9.4 The second table shows the social dividend created by our investment in social housing rather than market properties. The growth had our money been invested in the same areas in market rent tenures would have generated an 8.0% growth, therefore the social support generated from our stock equates to 6.0%. It is anticipated that the 2013/14 version of this data will be available in late September.
- 9.5 We have also been working on identifying the value derived from the different local authority areas we work in and have built a model which allows us to build a LIFE (leader, influencer, follower, and exit) profile of where we are most effectively invested currently. The combination of both of these pieces of work will allow us to build a very strategic plan to support our development and growth as we move in to our next corporate strategy period

Return and operating cost comparators



10 Activities creating Social Value

10.1 Social Economic Regeneration

Through Genesis Community, our charitable foundation, we have a number of ongoing programmes to deliver socio-economic improvement in people's lives in accordance with The Public Services (Social Value) Act 2012. These activities allow people to be less dependent on the welfare system and give them both the skills and support network to move in to employment. The following are some areas we have worked on in the last year and some of their outputs, many of which save the welfare state considerable amounts of money.

10.2 Volunteering Programme:

- 56 volunteers have gained employment
- 9 jobs have been secured within Genesis Departments (Finance, Customer Relations, Housing, Facilities Management)
- 6 volunteers trained and received accreditation in mediation and money mentoring
- Total value of volunteer hours £51,975 (Based on average hourly Genesis salary costs)

10.3 Employment & Training:

Over the past 12 months the team has successfully supported 84 residents into work in the following sectors: retail, catering, banking, care and support and administration which equates to a saving of £991,200 to the public purse.

The programme has also continued to work in partnership with internal and external organisations to develop and provide an array of accredited and non-accredited training and access to external resources such as job brokerage and venue hire. Our residents have benefitted from externally funded training provision with a total value of £735,988. The programme continues to vet and source external free provision to achieve the desired outcomes for our residents and continues to build up the portfolio of partnerships.

10.4 Financial Inclusion

We have started work on a Rent Direct Pilot which will involve a small number of new residents receiving all their housing benefit payments paid directly to them from the start of their tenancy. This will enable Genesis to have some early learning about the potential impact of the introduction of Universal Credit and the level of support that residents will need to enable them to manage their rent payments when housing costs are paid within Universal Credit. Residents taking part in the pilot will initially be offered a high level of support to increase their financial capability, with a named officer allocated to them for regular support as well as support to increase their chances of gaining employment.

The Financial Inclusion Team have also supported 1,100 residents in appeals and backdated claims, which has a total value of £300,000 this year. We are continuing to develop and deliver a programme of ongoing training for staff working with residents affected by the Welfare Reform.

10.5 Enterprise:

To date 46 residents have been referred to the 1-2-1 service and 31 business start-ups established. The service is promoted through the main localised employability programme and their 'Look before you Leap' workshops are delivered to residents at

Grahame Park, Stratford Halo and at our main offices at Cloughton Road, Willesdon and Olympic Office Centre.

- 10.6 The business start-up training sessions are run over a 10 week period and provide residents with support and guidance in all aspects of enterprise. One of the key outcomes is that they are supported to produce a business plan which forms part of the valuable learning outcomes of the training. The end of training programme culminates with a 'Dragons Den' style event where participants present their business ideas and the panel will decide which of them are viable and are ready to go to market. This year 31 new businesses have launched of which all were awarded start-up funding.
- 10.7 Working in partnership with Enterprise Cube we have been able to secure a short term rent-free lease at a central London location near St Pauls, Creed Court for 12 months, which has been extended for an additional 12 months. This offers Genesis the potential to create a premier Pop-Up Business Academy, incorporating a valuable retail outlet. The premises will offer affordable office space, meeting and training rooms, retail space and potential café/restaurant space with communal kitchen.
- 10.8 We have a number of other socio economic programmes from youth programmes to digital inclusion for older residents.

During 2015/16 the Social and Economic Regeneration Team will work to make improvements in the following areas;

- Develop & implement a Regeneration Commissioning Framework
- Develop & implement a new corporate Trainee Apprenticeship & Internship Programme
- Develop & Implement a new corporate strategy for Social Enterprise
- Develop a Corporate Impact/outcome assessment framework for social and economic activity

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