

2013/14

**Value for money
assessment**

**Papworth
Trust**

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Purpose of this self-assessment

This self-assessment aims to demonstrate to our tenants and other stakeholders how we strive to achieve value for money in delivering our services and business objectives. It will also demonstrate how we are meeting the Value for Money Standard “VFM” within the Regulatory framework.

Our aim is that tenants and other stakeholders can understand the return on assets measured against our objectives, set out the costs of delivering specific services and evidence the value for money gains that have been already and will be made in the future.

Our operational context

We are a leading disability charity that supports over 20,000 people, their families and carers every year. We are a registered provider of social housing that provides homes and services to help disabled people achieve their aspiration to live independently with support. We do this by providing services, investing in buildings and developing partnerships. Founded in 1917, we currently provide 636 homes across the East of England, with the majority based in Cambridgeshire. The charity as a whole has:

Turnover	£22,563K
Total fixed assets	£39,747K
Housing stock	£25,877K (net of grants and incl in total assets)
Reserves	£24,984K
Loans outstanding	£13,864K

The housing provider element of the organisation, that this report is focusing on, has a rental turnover of £3.5 million and a housing development programme of £2m per annum.

As a successful, financially secure organisation, we provide a wide range of services including low cost rented homes, with a small amount of legacy stock that is general needs. The majority of the stock is either wheelchair accessible or provides accommodation with support. This is in line with our core mission which is that disabled people can live independently.

Our values are:

We listen to people's needs and build great services around them

We inspire everyone to try to change our world

We support people to live their lives to the full

We care that every person is seen for what they can do

We work together so that we can make a difference.

We work with disabled people to create a world where we can all be seen for what we can do

1. What VFM means to us

Our objective is to provide appropriate properties and services to meet the needs of our tenants. The key driver is to achieve a balance between reasonable cost and good quality. Maintaining a high level of customer satisfaction is key to everything that we do. But also taking account of the social value to our tenants especially in view of the fact that meeting the individual need pertinent to their disability is more important than cost. Creating the right home environment to enable our tenants to live independent and fulfilling lives is the priority.

VFM means:

- Ensuring effective business planning by setting out for the beginning of each financial year what we will achieve for our money before we commit to spending it. Once money is committed we then need to assess what we have achieved in terms of VFM.
- Consider how we measure social value if this is an outcome.

We measure inputs in terms of cash, and outputs/outcomes in various ways such as:

- Social economic benefits to individuals and communities
- Service quality
- Environmental benefits
- Financial returns
- Benefits to wider organisation

2. Our strategic approach to VFM and use of resources

Our VFM strategy can be summarised as:

- We are a non-profit making organisation, however there is a business need to generate surpluses to maintain a viable organisation and to continue to provide and develop services for our customers, both present and future.
- VFM as a business stream should ensure that we achieve high levels of customer satisfaction and that we provide the right service at the right price at the right level of quality.
- The VFM strategy links to our Business Plan objectives of “Putting customers at the heart of all we do”, “providing high quality homes and excellent services that provide value for money” and “grow our organisation in a sustainable way whilst remaining financially viable.

As a Housing Association, our corporate objectives over the next five years

- Increase the number of homes we offer as a social landlord to a minimum of 710 homes, 80% of which will be wheelchair accessible
- Fundraise at least £500k every year to contribute to the building of new accessible homes
- Develop an exemplar building scheme for an accessible bungalow
- Use volunteers to broaden the range of services available, and
- In consultation with our tenants, improve and expand our Housing Services to meet their needs.

3. Our arrangements to ensure delivery of VFM as part of the day job

- As a specialist housing provider, our tenants have diverse needs which require more bespoke or specialised service delivery. In many cases this creates an additional cost, that may not be of benefit to all our tenants but are worthwhile to those particular individuals in terms of social value and outcome. In those cases we will take the decision to offset the cost of these services against the more profitable business streams. We will also consider if a business stream that is costly may become more efficient with time or increased activity.
- We realise that we need to invest in our assets and that our assets fall into two main categories, our housing stock and our human assets (staff). We are exploring working in partnership with other local charities and housing providers to develop assets using shared resources to make best use of Housing Development budget and be better able to meet the social value return for our client group.
- We appraise each Housing Development project to ensure we are spending our budget to achieve the highest possible value for our investment. As part of this strategy we have re-evaluated projects that are in areas where property costs are high and the number of people who benefit are low. However, there are some occasions where providing a home in a high cost area for a limited number of people has a high return in terms of social value.
- In terms of our stock we aim to invest in the right assets that meet the needs of our core client group, to the right standard at the right cost. However we recognise the need to continue to provide some new general needs housing to maintain a healthy community environment and to support the more costly development of supported housing. Our asset management strategy aligns with our development and finance strategies and targets us to provide homes that people want to live in that meet our standards of quality. The strategy also allows for us to consider if properties are too expensive to manage and/or maintain or are no longer fit for purpose and should be disposed of.
- We have a number of small developments sites, located entirely in the village of Papworth Everard, that could release equity to fund development projects in other locations. Or they could be developed to provide further properties in the village to meet identified need and add social value to the environment by being innovative in resolving social issues through these developments.

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- In terms of our human assets our operational functions of service delivery and back office functions are one of our main areas of expenditure. We will regularly look at our staff structure to ensure it is appropriate to deliver the service, look to sell our services to other organisations and if appropriate, seek to challenge the costs of services by considering outsourcing functions,
 - We are part of a benchmarking club for small providers allowing us to compare ourselves against a reasonable number of other organisations. As we are a specialist organisation, being restricted to the Eastern region makes it difficult to have like for like comparisons. We are supporting this group to develop further to include a wider base of organisations potentially outside of the Eastern region to address this.
 - We recognise the need to procure services more effectively and to this end we have joined a procurement club, Procurement for Housing, which allows us to take advantage of nationally negotiated discounts for goods and services.
 - We are discussing joint working with other local providers. Bigger contracts can promote better prices from suppliers so we are investigating sharing contracts to achieve savings.
 - We will involve our residents in the process through the tenants email forum, the newsletter, website and social media, and through the development of our local service delivery offers.

4. Our track record – what we have achieved (over the past year)

Initiative	Saving or Gain (financial or social)	Comments
Volunteer opportunities – both within the office admin and tenant involvement that reduces time spent by Housing staff on extracurricular activities	£ 1062 pa	Assumes 1 volunteer giving 2hrs per week and 9 volunteers giving 2 hours per month.
Smart phones for Housing Officers. More effective use of time and reduction in travel. Improved communication as do not have to return to office to check emails and so on	£9115pa	Assumes savings of 1hr per week, gives us a saving of 240 hours per annum per person
Appointment of a Housing Development Project Manager to negate the need for a Consultant and additional cost of outsourcing work	£5,943 pm	Based on the difference between salary and consultant fees per month
Review of rent arrears procedure to be more proactive in preventing arrears and more effective in collecting arrears	£	Rent arrears have seen a slight increase, but the benefits of this revised procedure may take up to a year to be tangible
Approval to refurbish failing supported housing scheme to more appropriate accommodation and change of focus	£100,672pa	This represents VFM in revenue savings due to rent loss. Capital cost of project is £2.1m
Obtaining 2 or more quotations for any works undertaken	£307.00	During the refurbishment of 154 Paston Ridings we obtained 2 quotations for the installation of fire alarm and emergency lighting systems.
Using Design and Build Contracts for future Developments	IRO £5,000+ per project	Using a Design and Build Contract reduces the risk across the board and saves us money as the full Papworth Trust Design Guide is incorporated into the contract.

Assets

We currently have 544 Social Housing properties of which 536 are owned by us (the additional 12 are managed on behalf of other organisations). These are our assets and it is important that they are maintained to a high standard for the Housing element of the Trust to remain viable, to maximise our ability to raise finance for development of new properties and for the well-being of our tenants. A stock condition survey was carried out in 2010 on 70% of our stock, that helped us to identify our priorities for planned maintenance and capital spend for the following 5 years. The stock condition survey is planned for a further update of all the current housing stock (50% in the summer of 2014 and 50% in spring 2015). This will enable us to enhance our strategy for the next 5 years.

We initially planned for the implementation of the 2010 stock condition survey by employment of an Asset Manager, Asset Management Officer and restructure of the duties of the Asset Surveyor.

Since the inception of the strategy of a planned capital improvement programme we have achieved a noticeable decrease in reactive maintenance repairs (cost and numbers). Our financial costs were running at 50/50% between maintenance and planned works. We targeted achieving a 65/35% split of capital/maintenance and our statistics have shown a modest decrease in repairs over the past 3 years which are currently now running at around 39% of overall housing repairs/improvement costs. We are still expectant of achieving the 35% targeted level

We have also entered into partnership agreements for some of our housing stock for 50% grant funding to install external insulation and free solar PV which will produce cheaper rate electricity for the tenants (with an electricity income benefit to the venture capital partner). There are other opportunities which are currently being explored.

In 2013/14 we spent £600K capital on planned maintenance which included new kitchens, bathrooms, driveways and paths, roofing, gas feeds and meters in the village, replacement windows and doors and renewal of central heating systems.

In 2014/1 we have budgeted £660k for capital projects.

We further restructured the way we delivered our services and the single most significant change in 2011 was to employ our own maintenance services team. This decision was borne from listening to our tenants in forums, tenant satisfaction survey and job completion surveys. The contract for our maintenance services was formerly contracted out. In making this change our emphasis was on achieving improvements in 3 key areas of operation.

Cost, quality and service delivery

We have made significant improvements in all 3 areas achieving better quality repairs with more first fix solutions. This is achieved by the use of better quality components. We have achieved cost savings with first fix repairs and also entering into better purchasing agreements, for example by becoming a part of procurement for housing which enables stronger group buying discounts. And finally service delivery is improved by better strategic planning to ensure visits are planned geographically and tenants are at home for the date/time of appointment.

In making this commitment to reinvest in our properties we have ensured for better housing for our tenants and in turn a stronger security of continued tenancies resulting in a maximised rental income stream.

All of our asset management data is now electronically recorded to assist in the property history and evaluation of our housing stock financial valuation for the present and future.

Operations

Our Housing Management and maintenance teams strive to provide a cost effective service to our tenants. As part of this initiative we have focused on tenant profiles during the last year to have real insight into the make up of our tenants to enable us to mould our services to be all encompassing and able to adapt to individual need. A drive to get individual information onto the Pyramid database ensures a better customer experience at the point of contact and reduces cost by ensuring we are communicating more effectively increasing our ability to get it right first time.

Housing Management		
	Per week	Per Annum
Gross rent (turnover)	£73,639	£3,829,248

Per week per tenancy	Supported	General Needs
Average rent	£96.79	£96.13
Average management cost	£69.03	£52.76
Average void loss	£1,241	£220

Performance Overview

Benchmark	2014 Actual	2014 Target	2014 Peer Group median	2013 Actual	2012 Actual
Tenant satisfaction repairs and maintenance	99.59	95	84	98	97
% units with a valid gas safety certificate	100	100	99.9	100	100
% rent collected	97.34	98	100	97.01	96.26
Void losses	2.71	3	1.05	2.06	3.74
Operating costs as % of turnover	71.71	95.94	95.94	63.46	60.37

Our 3 yearly STAR survey is currently in progress

Procurement

We continue to work with Cambridge Regional College to develop apprenticeship opportunities within the Housing Maintenance team. One operative successfully completed their apprenticeship in plumbing in 2013/14 and has been taken onto the team full time. We are now looking to take on a further apprentice in the current financial year.

Our Maintenance teams are members of the Procurement for Housing Partnership that allows us to benefit from nationally negotiated preferential rates from a number of trade suppliers. A key aim is for the service to work in conjunction with the HIA and Housing Development teams to develop our capabilities in areas including electrical, kitchen fitting, and Aids and Adaptations. We will also explore add-on services that will either benefit our tenants directly or create income that can subsidise the services offered to tenants

Future Value for Money – extract from the Annual Report

Our VFM objectives for the next five years

- Increase the number of homes we manage to a minimum of 710 homes, 80% of which will be wheelchair accessible.
- Fundraise at least £300k every year to contribute to the building of new accessible homes.
- Develop an exemplar building scheme for an accessible bungalow.
- In consultation with our tenants, improve and expand our Housing Services to meet their needs using volunteers where appropriate to offer new services.

supporting more
people to say **i can**

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