



CHISEL VALUE FOR MONEY REPORT 2015

Chisel is guided by its vision, values and strategic aims which are detailed below. These are the guiding principles in Chisel's pursuit of achieving value for money for its residents and stakeholders.

Our Vision

CHISEL – driven by our residents, their needs and aspirations, to deliver sustainable homes, services and communities which make us all proud.

Our Values

Working together to create a CHISEL community

- **Collaborative and Co-operative** – we are passionate about working in a positive way both with individual and groups who share our values.
- **Honest, Open and Transparent** – we believe in acting with integrity at all times, being transparent about our actions and being open and honest in what we can and cannot do.
- **Involvement and inclusivity** – we are committed to listening to, and acting on, feedback from all our residents; being accountable to our residents and held to account by our members.
- **Sensitive, respectful and fair** – we believe in treating everyone we work with as we would like to be treated, valuing people as individuals with different needs and aspirations.
- **Excellence in everything we do** – we are committed to having a “can do” approach to delivering services, being the best we can be and making a difference every day.
- **Local**-working with residents to understand local issues and build better neighbourhoods

.....**Building Trust**

Our Strategic Aims

- To be driven by our residents needs and aspirations.
- To deliver services that meet the needs and aspirations of our residents
- To deliver sustainable homes
- To build sustainable communities

What does VFM mean to CHISEL?

For us, VFM is about achieving the desired outcomes set out in our vision and strategic priorities for the best possible cost and maximum benefit. We aim to achieve this through a combination of business activities that ensure that:

- We prioritise activities to support the delivery of our strategic aims
- We make the best use of our resources
- We do things right and
- We evaluate success and outcomes

We believe that VFM is a valuable process which can benefit our organisation rather than just a regulatory exercise and we are working to ensure that our overall approach to VFM is embedded in the culture of the organisation and embraced by staff.

As a small housing organisation, getting value for money is very important to us and we have this in the forefront of our minds in all the spending decisions that we make. Value for money is not about the cheapest way of doing things; it is about procuring good, efficient services which provide the desired outcomes for the best price. The objectives of our VFM strategy flow from our strategic aims above. These are to:

- Deliver a cost effective housing management service that gives high levels of resident satisfaction
- Maintain all homes economically and efficiently
- Develop business processes with our tenants to improve efficiency whilst also improving our customer focus
- Achieve year on year efficiencies
- Benchmark against our peers
- Work with our contractors, consultants and partners to provide best value, quality solutions and continuous improvement across all services
- Maximise choice and value for money for residents

Why a value for money report?

The Homes and Communities Agency (HCA), which regulates Housing Associations, requires Associations to undertake a value for money self-assessment each year which reflects how the Association is performing against the Value for Money Standard set out in the HCA's "Regulatory Framework for Social Housing in England from April 2015. The self – assessment should be across all areas of the Association's activities. The report should also enable stakeholders:-

- to understand the return on assets measured against objectives
- include absolute and comparative costs for specific services, and
- evidence value for money gains that have been made and how they will be realised over time.

This is the second report of this kind which CHISEL has produced. Our first report, last year, outlined that we were at the beginning of our journey to achieve value for money. This report looks at the progress made to date and outlines our plans for the forthcoming year.

Delivering VFM

Service Planning and Performance Management

A key aim of our strategy is to fully integrate VFM into our planning and performance management frameworks to ensure that it is embedded within our culture. Using key performance indicators and individual targets. The Association will measure its performance to ensure appropriate action can be taken to maintain efficiency and effectiveness in line with the efficiency agenda.

Benchmarking

Benchmarking is a useful tool in determining issues for review and in identifying potential areas of high costs. CHISEL is a member of the G320 group and BM320 Benchmarking Group and we will continue benchmark our performance against the other member organisations within the group on cost and performance.

Procurement

We are committed to delivering effective services, which meet the needs of tenants, as well as having effective procurement systems in place to ensure these services represent best value. We will do this by:

- Tendering work for larger contracts where the value is likely to exceed £50k.
- For lower value works or services ensure that three quotations are obtained prior to placing an order.
- For day to day minor routine repairs use a schedule of rates or agreed hourly rates.
- Improving staff skills and internal procurement processes in tendering, contract and supplier management

WORKING IN PARTNERSHIP

We are committed to delivering VFM and will develop long-term partnership working wherever possible to deliver efficiencies in provision of our services as well as cost savings, e.g. a reduction in on-going procurement costs.

Value for money will not be just about driving down costs but about achieving a balance between cost reduction and quality with the tenants needs being the driver for all activities undertaken. VFM will be a core assumption that underpins all of CHISEL's future strategies.

VALUE FOR MONEY: 2014-15

Are we making the best use of our assets?

Chisel owns a variety of properties ranging from rehabilitated Victorian street properties (87) , conventional new build homes built in the 90's(70), timber framed self-

build homes built in the 90's (71) and 3 new build homes acquired on the open market in 2009. It is not a straight line relationship between age and condition. We are updating our stock condition information this current financial year so that we are able to develop a better and more comprehensive understanding of the homes we own, their future reinvestment needs and their forecast return over the life of our 30 year financial model. This will enable us to update our Asset Management Strategy and ensure that we keep our homes in good condition by replacing building components such as windows, boilers, kitchens in line with life cycle expectations and maintain our compliance with the Decent Homes Standard.

Chisel's policy is that ongoing and timely investment in the condition and quality of our housing is fundamental to maintaining the physical asset and by undertaking this investment our properties remain lettable and provide good quality housing into the foreseeable future.

Investment in our Homes 2014/15

	2014/15	2013/14
Repairs spending as a percentage of rent roll	48%	41.20%
Reactive spend per property per week	£18.88	£16.10
Cyclical maintenance spend per property per week	£8.69	£5.80
Major works spend per property per week	£19.29	£21.22
Overheads spend per property per week	£4.08	£4.77
Fees spend per property per week	£0.38	Nil
Void works spend per property per week	£0.71	£0.18
Total spend per property per week	£52.03	£48.07

We renewed:

- **10 Kitchens**
- **13 Boilers**
- **3 Central heating systems**
- **3 Bathrooms**
- **Windows to 3 properties**
- **One block door entry system**

Development

We have over the year focussed our resources on improving our services and investing in our existing stock and have undertaken no new development work. Although we are exploring partnership options for participating in a community self build scheme in Lewisham.

Performance & Benchmarking.

We are a member of the Acuity benchmarking club, the BM320 Group and through this we are able to benchmark our performance against other similar sized housing associations. We are using the information provided through this group to identify where we need to focus our efforts to improve. The table below sets out our performance during the year and compares CHISEL with a number of our peer associations of a similar size and function.

Description	CHISEL's performance	Rank in BM320	Trend
Rent collected as a percentage of the annual rent roll	99.5%	17 out of 18	
Rent arrears as a percentage of annual rent charges	7.7%	18 out of 18	
Rent lost through empty properties	1.36%	16 out of 18	
Reactive maintenance spend per property per week	£18.88	7 out of 7	
Planned maintenance spend per property per week	£19.29	2 out of 7	
Total maintenance spend per property per week	£52.03	3 out of 7	
Weekly operating cost per unit	£102.46	12 out of 18	
Operating cost as % of turnover	64%	5 out of 18	
Ave weekly Management cost per dwelling	£29.41	16 out of 18	

Sustainable Communities

Each year we fund a number of tenant led investment projects. These are aimed at improving communal areas and facilities and facilitating resident involvement. The value that communities derive from this investment is difficult to quantify but we are certain from the feedback we receive that there is benefit to both individuals and the communities they live in.

Last year we made resident initiated security improvements to 3 of our schemes which led to a reduction in the number of complaints regarding ASB / nuisance from non-scheme residents.

Through our policy of using “Tenant Maintainers” we effectively encourage and support community enterprise enabling suitably qualified residents to undertake repair work on our behalf.

Last Year:-

- **We held 5 neighbourhood meetings, attended by 16% of our residents.**
- **We attended 10 Co-op, scheme and residents association meetings.**
- **8% of our residents attended our AGM**
- **We spent £5,000.00 of our maintenance budget on tenant led improvements**

Making the best use of our resources

We strive to run our business as efficiently as possible, to direct staff time and expenditure towards work that directly benefits tenants. In 2014 – 15 we made a substantial investment in IT and that spend will lead to reduced costs and better feedback on results of operational spend. We specifically invested in:-

- Further implementation of the Omni Ledger Pyramid Housing Management System which will allow us to consolidate our data collection and to enhance our reporting and monitoring functionality including component accounting
- Introduced the “my Tenancy” tenant web interface providing tenants with greater access to on line facilities such as rent accounting and repairs reporting

In addition we:-

- Improved procurement processes through our tendering of the planned maintenance and cyclical decorations programme.
- Produced a revised KPI analysis report with comparative benchmarking data
- Produced quarterly management accounts to facilitate cost debate at the Financial Services Committee and the Board.
- Set up Operational Scrutiny Committee to give residents greater opportunities for co-regulation and driving service improvements.

Looking Forward

CHISEL like other housing associations are working in very challenging times, the future of the sector is changing as new legislation is introduced and government policies move towards promoting greater home ownership. Our initial stress testing of our long term financial model indicates that we are not in danger of breaching our loan covenants or running into difficulty with cash-flow in our medium term future. We will continue to model the impact of proposed changes in our operating environment on our long term financial model. We will continue to proactively work to manage risk and our Board will continue to review our risk register on a regular basis.

Our focus on delivering efficiencies and VFM for the next 3 years will be to explore ways in which we can increase the levels of resident involvement in defining the nature of our services and identifying opportunities where we can add value or make savings. This will include involving residents in the following planned activities:-

- Continue to develop the role of Operational Scrutiny Committee.
- Develop our Business Plan
- Continue to review resident feedback mechanisms including undertaking a resident a resident satisfaction Survey in 2016 which will provide us with a base line for improvement.
- Continuing scrutiny of our operational and management costs and benchmarking these costs against other members of the BM320 benchmarking group.
- Comprehensive review of our maintenance service as we recognise that our repair costs are high and our void turnaround times poor compared to other organisations within the benchmarking group.
- Improve our rent arrears profile and fully utilise Pyramid “one stop arrears” and exception reporting to ensure rent arrears are tackled at a very early stage to avoid residents falling into greater debt.
- Reviewing our Managing Agents arrangements

The first of these activities, working with Operational Scrutiny Committee is a key component in the delivery of our VFM strategy going forward. OSC we will present financial and operational information in a manner which helps us

- a) get the priorities for expenditure right
- b) spend in an efficient manner in collaboration with tenants e.g. accurate reporting of defects to help get it right first time and save staff / builders' time.

Overall Assessment

We believe Chisel complies with the Value for Money standard due to our:

- Commitment to making the best use of our resources to enable us to deliver our strategic aims;
- Understanding the return on assets through our financial planning and use of our 30 year financial model
- Commitment to increased resident scrutiny of our services and through the use of resident led Operational Scrutiny Committee to drive the direction of service improvements.

However, we recognise that we are very much still at the beginning of our VFM journey and there are a number of areas where we need to focus on improvements in our performance and reduction of ongoing operational costs in order achieve greater delivery of our VFM strategy.