

Value for Money Self-Assessment Statement for 2016/17

1.0 Summary: Why VFM is important to Thames Valley Housing

- 1.1 Value for money is embedded in our corporate plan for 2015-18 and our business planning framework. Our diversified business model enables more homes to be built with lower levels of grant over that period and provide good quality services that matter most to our residents. This is underpinned by our strong financial performance and operating margin.
- 1.2 Value for money is delivered through:
 - Using balance sheet strength and returns from diversified activities to increase the provision of affordable homes with less grant funding.
 - Adhering to our asset management strategy, which seeks to improve the performance of our assets.
 - Providing good quality, efficient and effective services to residents.
- 1.3 Our Customer Experience Strategy is in the process of being developed to improve services for residents at a lower cost. We are designing services to focus on what matters to residents and make internal processes more efficient. The number of residents registered on our digital platform, MyTVH, continued to increase during the year. This will enable us to continue to deliver efficiencies following the investment we have made to develop our online services.
- 1.4 Key financial headlines from our self-assessment for 2016/17 are:
 - Operating surplus increased from £31.9m at the end of 2013 to £41.7m in 2017. Operating margin improved from 34% in 2015 to 38% in 2017. This reflects year on year growth in rental income, and cumulative increase in sales and the contribution of profit from commercial ventures over the term of our business planning period.
 - Overheads remained in the lowest quartile when benchmarked through Housemark (London & South East group). ICT costs remained relatively high due to ongoing investment in the development of online services; however this investment will enable TVHA to be more operationally efficient in the future.
 - Headline cost per unit benchmarks favourably in the HCA style analysis of costs, which shows a reduction of 6.3% between 2015 and 2017.
- 1.5 In 2015/16 we refreshed our asset appraisal data on our general needs portfolio and the outcome was in line with the previous appraisal iteration. We completed the first appraisal of the key worker & student portfolio in 2016/17; this confirmed our expectations of a well performing portfolio.
- 1.6 Our investment in resident employment and training has supported 770 residents into either work or training during 2016/17. This has been achieved with modest investment and significant external match-funding.
- 1.7 We have established a procurement and contract management function to maximise cost effectiveness in the future.

1.8 This self-assessment is published in the 2016/17 annual accounts and on our website for our stakeholders, who are primarily:

- Residents
- Central government and the HCA and GLA
- Local government
- Community and voluntary services
- Lenders

1.9 The following assessment is provided under three core areas:









- Section 2: **Delivering more homes and growing the Group.**
- Section 3: **Asset management analysis and performance.**
- Section 4: **Understanding our costs; operational efficiency and good quality services.**

Section 5 summarises our VFM strategy and performance against targets during 2016/17.

2.0 Delivering more homes and growing the Group

2.1 Financial efficiency increasing development opportunities

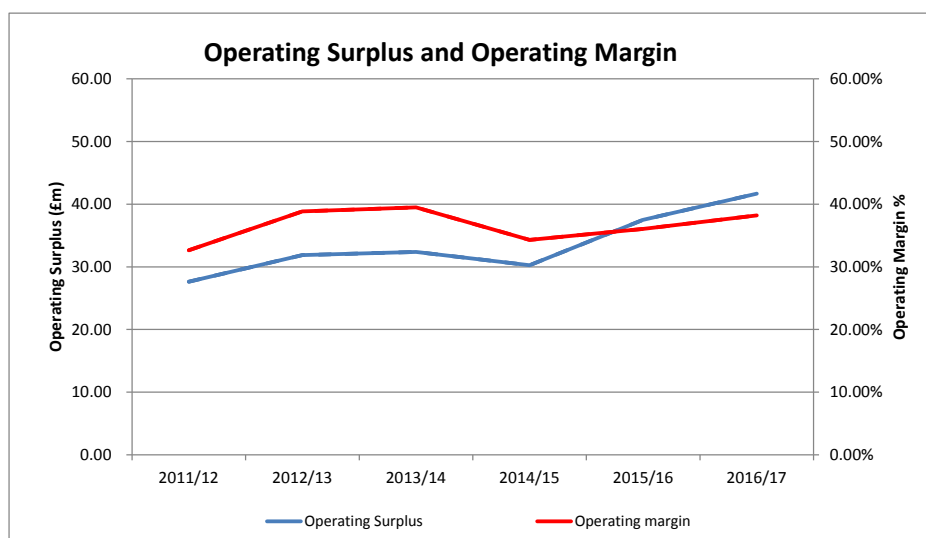
- The Group is highly efficient from a financing perspective. The majority of outright sales are via a joint venture with a capped investment from the Group (up to £40m). This limits the risk and exposure to outright sales. £3.6m of surplus generated from outright sales activities has been reinvested in 128 additional affordable homes with a further £6.7m currently available to deliver more homes.
- Private Rented Sector (PRS) developments are largely funded via third party investment which enables the Group to deliver more homes.
- The Group has excellent working relationships with our local authority partners and has successfully deployed TVH's innovative LAFLA model (Local Authority Facilitated Land Acquisitions) to deliver new affordable homes that otherwise would not be possible.
- Benchmarking against other associations through the Housemark London & South East group shows an operating margin which is upper quartile in the benchmark group.

Financial Pis										
KPI	Sample Size	Upper	Median	Lower	Thames Valley Housing Group (2015/2016)			Thames Valley Housing Group (2014/2015)		
					Result	Rank	Quartile	Result	Rank	Quartile
Adjusted net leverage	31	28.8	36.0	44.7	53.7	28		41.0	20	
Growth in turnover	32	13.3	5.8	2.4	18.1	8		7.5	13	
Operating margin	32	33.9	29.8	22.4	36.0	6		34.3	7	
Weighted average cost of capital	30	3.8	4.2	4.8	4.6	21		4.4	17	

Key:  upper quartile;  median;  lower quartile

2.2 Operating Surplus

- Operating surplus has increased from £31.9m at the end of 2013 to £41.6m in 2017. This reflects year on year growth in rental income, cost efficiencies and the contribution of our commercial ventures. During this time operating costs have been consistently managed to deliver good margin performance.
- Operating margin improved from 36% in 2016 to 38% in 2017. The improvement in margin is mainly as result of the effectiveness of our cost control measures. While turnover has increased by 4.9%, the operating costs have increased by 4.2%. Moreover, after removing the one-off costs incurred for the planned merger that ultimately did not proceed, the operating costs have increased by only 2.5%.



3.0 Asset Management Analysis and Performance

3.1 Our Asset Management strategy has analysed the performance of our stock. TVHA works in an area of high demand. We do not need to dispose of assets to fund future development or improvement plans. Our strategy has concentrated on the performance of our stock and making best use of resources. Key aims have been to:

- Appraise options for our poorest stock taking analysis of data;
- Understand the condition of stock;
- Review financial performance of the stock.

3.2 **Option appraisals:** We carry out desktop appraisal of all voids with a relet works cost of £5k or more to ascertain if we need to consider for disposal or remodelling. This resulted in a decision to convert 1 house at staff cottages into 2 self-contained flats: these works will be undertaken in 2017/18. In addition an opportunity to develop on land to the rear of Valley Mews was identified with more detailed appraisals planned for 2017/18. We identified an opportunity to develop up to 5 dwellings as an upper floor at Harris Close and the potential to market an underground car park for commercial purposes. More detailed work will be undertaken in 2017/18. However there are few opportunities for re-modelling within the portfolio due to it being largely modern new-build.

3.3 **Asset appraisal modelling:** In 2015/16 we refreshed our asset appraisal data on our general needs portfolio and the outcome was in line with the previous appraisal iteration. We completed the first appraisal of the key worker & student portfolio in 2016/17; this confirmed our expectations of a well performing portfolio.

3.4 The following table summarises the NPV profile of our stock by value banding:

All	Groups	A >£100k	B £60k - £100k	C £25k - £60k	D £0k - £25k	E Negative
5,632	Number	345	3,710	1,436	96	45
£396,337,698	NPV Totals	£36,710,334	£288,249,947	£70,452,647	£1,498,257	-£573,486
100.0%	% of total number	6.1%	65.9%	25.5%	1.7%	0.8%
100.0%	% of total NPV value	9.3%	72.7%	17.8%	0.4%	-0.1%

3.5 Stock Condition and location

Last year we agreed a 3-year agreement with First Wessex and Sovereign to manage our more dispersed assets. Whilst there is no current intention to dispose of these groups of assets a more detailed review is planned to inform the future approach in 2017/18.

3.6 Stock profile

- Our rented, shared ownership and key worker stock is spread across 39 different local authorities in London and the South East. The majority of the stock is estate based, with the rented (6351 homes) split between houses and flats, whilst the shared ownership (5602 homes) are mainly flats. The NHS and student properties (2103 homes) are managed on site and are purpose built, mostly with shared facilities.
- A stock condition survey is completed on 20% of our rented and shared ownership stock annually and this information is used with component life cycles to produce a programme of planned works. Our planned repairs liability for general needs and homeowner stock has been analysed over a 30 year period.
- We currently have only 30 units classified as “non-decent” (the Government’s standard for social housing) which are due to have works undertaken this year to make them decent. We keep the backlog of planned repairs below £250,000 which ensures that asset investment levels are maintained. We have an average SAP rating of 79% against a national average of 50.6%.

4.0 Understanding costs; operational efficiency and good quality services

4.1 We aim to improve efficiency and provide good quality services by:

- Reducing overheads;
- Reducing costs and improving on services of most value to residents;
- Investing in online services;
- Focusing community investment on employment and training services and attracting funding to expand our work through partnership.

4.2 Understanding differences in unit cost

In June 2016, the HCA wrote to TVHA to share their analysis on our costs and how they vary to the sector average. The analysis used data from 31 March 2015 published statutory accounts, and the headline cost per unit (CPU) data for the Thames Valley Housing Group was £3,180, a cost which puts the association in the lower quartile (i.e. high performing) group of comparative housing associations.

- Understanding TVHA's costs and areas that improvement can be made is a high priority for TVHA. 3 years' accounts (31 March 2015, 31 March 2016 and 31 March 2017) have been examined, and year on year changes understood. The following tables present a year on year analysis by cost category for TVHA compared to the 2014/2015 sector level data.
- Overall, the headline social housing costs have fallen between 2015 and 2017, while more units are under management.

TVH Group 2014/15

	Headline Social housing cost	Management	Service Charge	Maintenance	Major repairs	Other Social Housing Costs
	£'000	£'000	£'000	£'000	£'000	£'000
Total Costs	40,437	4,946	11,275	8,087	4,222	11,907
Cost per Unit	3.18	0.39	0.89	0.64	0.33	0.94
Units Managed	12,728					

2014/15 Sector level data

Upper	4.30	1.27	0.61	1.18	1.13	0.41
Median	3.55	0.95	0.36	0.98	0.80	0.20
Lower	3.19	0.70	0.23	0.81	0.53	0.08

TVH Group 2015/16

	Headline Social housing cost	Management	Service Charge	Maintenance	Major repairs	Other Social Housing Costs
Total Costs	37,827	5,255	11,419	9,633	3,938	7,582
Cost per Unit	2.92	0.41	0.88	0.74	0.30	0.58
Units Managed	12,963					

2015/16 Sector level data

Upper	4.42	1.24	0.59	1.18	1.11	0.53
Median	3.55	1.02	0.37	0.98	0.81	0.26
Lower	3.20	0.78	0.24	0.82	0.57	0.12

TVH Group 2016/17

	Headline Social housing cost	Management	Service Charge	Maintenance	Major repairs	Other Social Housing Costs
Total Costs	38,309	4,734	13,784	8,510	2,239	9,042
Cost per Unit	2.98	0.36	1.04	0.64	0.25	0.69
Units Managed	13,200					

Note: Group level information is presented to remove intercompany costs which appear on an entity basis.

- **Management costs** are low in comparison to the sector. Costs decreased between 2015 and 2017 arising from the group's effort in controlling management expenditure.
- **Service Charge Cost** exceeded the upper quartile in 2017. As highlighted in the letter from the HCA, this is likely to be due to how different associations classify their costs. For example TVHA discloses fire alarm maintenance in service charge costs whilst other housing associations may include them in maintenance. This could explain why TVHA exceeds service charge CPU (cost per unit) but is well below the lower quartile for maintenance CPU.

Adding the sector data together for Service Charge and Maintenance cost (2015/16) gives a median CPU of $(0.37 + 0.98) 1.36$ and an upper CPU of $(0.59 + 1.18) 1.77$. In comparison TVHA's combined CPU is 1.62 – higher than the sector median but lower than upper percentile group.

- **Major Repairs** are well below the sector averages. This is consistent with the assets in TVHA being relatively newer. A high level of stock condition data and a low planned repairs backlog provides assurance the portfolio is well maintained.
- **Other Social Housing Costs** are higher than the sector's upper quartile in all three years. This is because all head office costs are included in here, some of which support other income generating activity such as developing commercial partnerships, property sales and development services.

4.3 **Future of benchmarking**

- A unit cost analysis is a simple and effective way to monitor performance annually and to potentially set targets by stock type. However, having access to information on the peer group TVHA sits within would enable more specific and relevant benchmarking and TVHA will aim to achieve this as the next step in assessing relative cost efficiency.
- To further enhance our ability to monitor our processes and benchmark against industry peers, TVH has been a founding participant in the Efficiency Working Group which has the backing of the National Housing Federation and the Chartered Institute of Housing.
- The group has developed a Sector Scorecard, and the programme will involve more than 240 housing associations owning and managing over 1.5 million homes; it will record data against 15 different criteria to improve value for money and to provide a better understanding of associations' overall efficiency and effectiveness. The pilot is currently ongoing and it is expected to complete by December 2017. Once the measures are finalised, TVHA will incorporate the performance indicators into our suite of management reports.

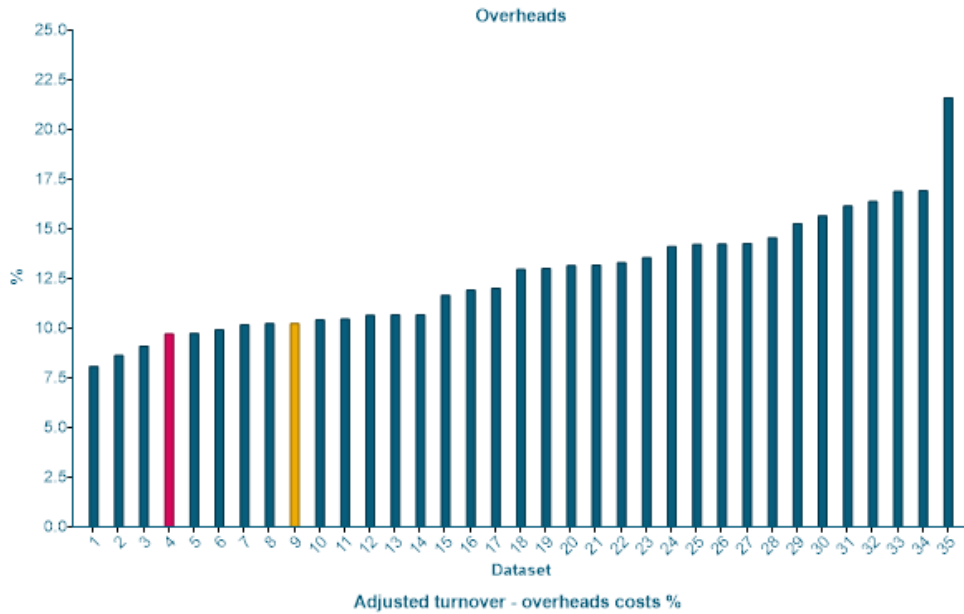
4.4 **Reducing costs and enhance supplier performance via contract management**

- TVHA is also in the process of establishing a procurement and contract management function to maximise cost effectiveness. Category principles will be applied consistently to increase the opportunity to deliver value and savings.
- KPMG has been appointed as the consultant to work with the newly created function to implement an improved procurement capability. It will include the development of a procurement policy and strategy, thereby enabling a consistent approach to procurement and compliance which will be incorporated across the organisation.
- Contract management capability will also be developed with the introduction of a centralised supplier register, and the use of performance systems to track against key

performance indicators. Supplier performance will be used to inform procurement activity in the future.

Overheads within the Housemark benchmarking group

The chart below shows our costs in amber for 2014/15 and red for 2015/16 compared with those of other housing associations in our benchmarking group. We have remained in the lower quartile for these two years.



Adjusted turnover - overheads costs %				
Comparator Group Quartiles		Upper	Median	Lower
		10.33	12.96	14.25
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
4	Thames Valley Housing Group (2015/2016)	9.71	4	★
9	Thames Valley Housing Group (2014/2015)	10.23	8	★

- An analysis of benchmarked overheads through Housemark is shown below. The analysis is for the last benchmarking period currently available (2015/16).

Overhead costs as a % of adjusted turnover											
KPI	Sample Size	Upper	Median	Lower	Thames Valley Housing Group (2015/2016)			Thames Valley Housing Group (2014/2015)			
					Result	Rank	Quartile	Result	Rank	Quartile	
IT & Communications as % adjusted turnover	35	2.74	3.10	3.42	3.32	21	☺	3.20	21	☺	
Office Premises as % adjusted turnover	35	1.60	2.02	2.44	2.35	24	☺	2.47	28	●	
Finance as % adjusted turnover	35	1.75	2.13	2.63	1.27	1	★	1.21	1	★	
Central & Other overhead as % adjusted turnover	35	3.95	4.84	6.03	2.77	2	★	3.36	6	★	
Total Overhead as % adjusted turnover	35	10.32	12.96	14.25	9.71	4	★	10.23	9	★	

Key: ★ upper quartile; ☺ median; ● lower quartile

- We have reported previously that our ICT costs benchmark as higher than our peers because we have invested heavily in the system capacity to ensure future growth and our ability to accommodate large increases in transaction volumes without significant

increases in operational cost. The majority of the cost within ICT relates to depreciation of software assets. Investment in online services will also enable a reduction in management costs in the long term.

- Office premises as a percentage of turnover improved as rent and rates are held constant and turnover increased.
- Finance remains value for money within the benchmarked group. The Finance team strategy is to deliver an efficient and scalable service. In the last 18 months headcount in the team has reduced as process efficiency is being achieved.

4.5 **Online Services**



- Our Digital strategy was adopted in August 2015 and included the continued development of MyTVH – our online customer services platform. The objective is to build online services that are so good that residents choose to use them.
- Take up of the service has been good, with numbers increasing every month from launch. There were 4,479 residents registered in April 2017 – 33% of all households.
- With the launch of the MyTVH payments service we have been able to demonstrate VFM efficiencies, including a reduction of staff time processing telephone payments by a potential 1100 hours, due to residents making payments online.

4.6 **Improving services to residents & reducing costs**

4.4.1 **Social rented housing**

- Our costs decreased slightly in 2014/15 and again by a further £80 per unit in 2015/16. Housing management costs per property benchmark high in the Housemark London and South East benchmarking group largely because of the dispersed nature of our stock which is not typical of the benchmarking group. Our overall management costs are low in comparison to the sector averages published by the HCA: Housemark benchmarking relates only to general needs social rented and affordable housing.

Housemark cost benchmarking data

Cost per property - total Housing Management (includes overheads)				
Comparator Group Quartiles		Upper	Median	Lower
		487.70	560.79	636.01
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
30	Thames Valley Housing Group (2015/2016)	740.06	30	
32	Thames Valley Housing Group (2014/2015)	819.77	32	

- Looking ahead, our Customer Experience Strategy has been developed to improve services for residents by focussing on meeting their user needs. This will improve the customer experience at the same time as driving down costs by enabling staff to easily meet residents needs with less focus on extraneous activity.
- We are continuing to develop and promote amongst our residents MyTVH, our successful digital platform, which will enable us to continue to deliver efficiencies based on the investment we have made already to develop our online services. As customers are increasingly able to self-serve we will be able to reduce staff time spent on basic transactional enquiries.

- We intend to consolidate all communal estate services, which will enable services to be delivered to mixed tenure estates more efficiently. Closer working with contractors will allow us to share information and resolve issues more quickly.
- We are introducing a new post to act as a point of contact for residents through the first 12 months of management of new developments across all tenures. This will ensure better communication for residents at a time when the scheme is bedding in. We will also improve the process for estimating estate costs and ensuring we capture accurate information. This approach should ensure fewer issues arise in the longer term management of the scheme and reduce long-term management costs.
- We have created a data integrity post to work alongside the business teams to improve data quality and support the delivery of services. This will reduce staff time interrogating the data and ensuring services are delivered correctly. This will be supported with a CRM or similar system to manage enquiries end to end so that we can monitor the end to end times and focus our improvement activity where it is needed most.









Service effectiveness (measured through following KPIs):

Social rented: housing management	2014/15	2015/16	2016/17	Target 2017/18
Current tenant arrears	4.6%	5.0%	5.0	5.3%
Average re-let time (days)	20.9	21.8	20.2	21
Composite Satisfaction Rate	*	*	84.8%	82%

*New survey methodology introduced from 2016/17

Targets were met for arrears, relets and satisfaction where it improved by 4% (based on the same methodology). This demonstrates the progress being made with the improvement of services including repairs which is a key service for residents.

Housemark performance benchmarking data

Housing Management - Performance Summary										
KPI	Sample Size	Upper	Median	Lower	Thames Valley Housing Group (2015/2016)			Thames Valley Housing Group (2014/2015)		
					Result	Rank	Quartile	Result	Rank	Quartile
Rent collected from current and former tenants as % rent due (excluding arrears b/f)	34	100.12	99.77	99.46	99.51	23		100.12	9	
Current tenant rent arrears as % of rent due (excluding voids)	34	3.60	4.09	4.74	5.03	29		4.75	26	
Average re-let time in days (standard re-lets)	32	23.51	27.85	31.55	21.80	6		21.00	6	
Rent loss due to empty properties (voids) as % of rent due	35	0.48	0.67	1.01	0.37	5		0.32	3	

- Staff at all levels have been involved in a hands-on review of how our customers experience our service resulting in a move away from internal procedures and a move towards meeting user needs. This has helped identify areas where we can pilot new ideas and different ways of working which are currently being rolled out. This will deliver both efficiencies for TVH and a step change in usability for residents.
- **Welfare Reform** – We have supported residents with the wider roll out of welfare reform through a direct and indirect service provision. We have a good network of external

referral agencies and continue to work with local authorities and the DWP so that our residents receive the maximum support available. We achieved the following outcomes as a result of our pro-active approach:

- Arrears achieved a good outturn of 5% despite of the pressure on rent payments.
- Our Tenancy Support service supported 189 residents in the last year and directly prevented 38 evictions or court cases
- The number of evictions was 20 in 2016/17, down from 28 the previous year.
- Income from housing benefit and other discretionary payments was £212,000 in 2016/17 compared to £204,000 in 2015/16;
- Supported cases with arrears reduced on average from £2,230 to £787.
- We supported 15 households to move to smaller properties potentially avoiding rent shortfall.

4.4.2 **Repairs**

- We have targeted to achieve a median cost with good quality performance and satisfaction. The outsourced contract arrangements enable this to be achieved through a low overhead cost base. Costs increased slightly in the 2015/16 Housemark benchmarking data below, but generally remain median in the benchmarking group.
- Our repairs and voids partnering contract was procured and became effective in 2014/15. The contract was market tested through the tendering process with less than 2% difference in costs between the final three bidders providing assurance that the tendered costs represent good value for money. We have a fixed price per property, for rented homes, which compares well with the sector and gives us price certainty for the future.
- The contractor is delivering a comprehensive repairs service and we now rely far less on second tier contractors. This means that more repairs are subject to contract monitoring and there is an improved booking of appointments at first point of contact for tenants.
- **Housemark cost benchmarking data**

Cost per property - total Responsive Repairs & Void Works (includes overheads)				
Comparator Group Quartiles		Upper	Median	Lower
		843.26	899.18	993.76
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
19	Thames Valley Housing Group (2015/2016)	900.42	18	
9	Thames Valley Housing Group (2014/2015)	813.60	9	

Responsive Repairs & Void Works - Cost Summary										
KPI	Sample Size	Upper	Median	Lower	Thames Valley Housing Group (2015/2016)			Thames Valley Housing Group (2014/2015)		
					Result	Rank	Quartile	Result	Rank	Quartile
Total CPP of Responsive Repairs & Void Works	35	827	898	992	900	18		814	9	
Total CPP of Responsive Repairs (Service Provision)	35	413	501	590	461	12		407	6	
Total CPP of Responsive Repairs (Management)	35	172	206	258	236	23		261	28	
Total CPP of Void Works (Service Provision)	35	95	153	177	182	27		123	13	
Total CPP of Void Works (Management)	35	29	38	54	22	4		22	6	

Service effectiveness (measured through following KPIs)

Social rented: responsive repairs				Target
	2014/15	2015/16	2016/17	2017/18
Emergency repairs response times	96%	88%	87%	99%
% Gas safety checks completed	100.0%	100.0%	100%	100%
Tenant overall satisfaction with repairs	90%	95%	95.5%	95%

- Our targets aim to continue reducing costs through shared cost savings and to drive up performance through a broader range of KPIs e.g. moving towards 5 day responses on communal repairs.
- Performance targets in the contract were based on the priorities of residents, who were represented in the procurement process.

4.4.3 Planned repairs

Housemark cost benchmarking data

Major Works & Cyclical Maintenance - Cost Summary										
KPI	Sample Size	Upper	Median	Lower	Thames Valley Housing Group (2015/2016)			Thames Valley Housing Group (2014/2015)		
					Result	Rank	Quartile	Result	Rank	Quartile
Total CPP of Major Works & Cyclical Maintenance	35	1,116	1,452	2,081	1,085	8	★	1,089	9	★
Total CPP of Major Works (Service Provision)	35	674	853	1,489	451	2	★	478	4	★
Total CPP of Major Works (Management)	35	68	98	127	138	28	●	114	21	☺
Total CPP of Cyclical Maintenance (Service Provision)	35	172	265	482	451	24	☺	447	24	☺
Total CPP of Cyclical Maintenance (Management)	35	44	55	87	44	10	☺	51	16	☺

- Overall TVHA ranks within the top ten for cost per property for major works and cyclical maintenance at £1,085 per unit, not significantly different to the previous year.
- Cyclical maintenance expenditure is cyclical by definition and the costs vary considerably depending upon the scheduled programme of works.
- The following KPIs benchmark favourably and have been maintained whilst keeping costs comparatively low.

Housemark performance benchmarking data

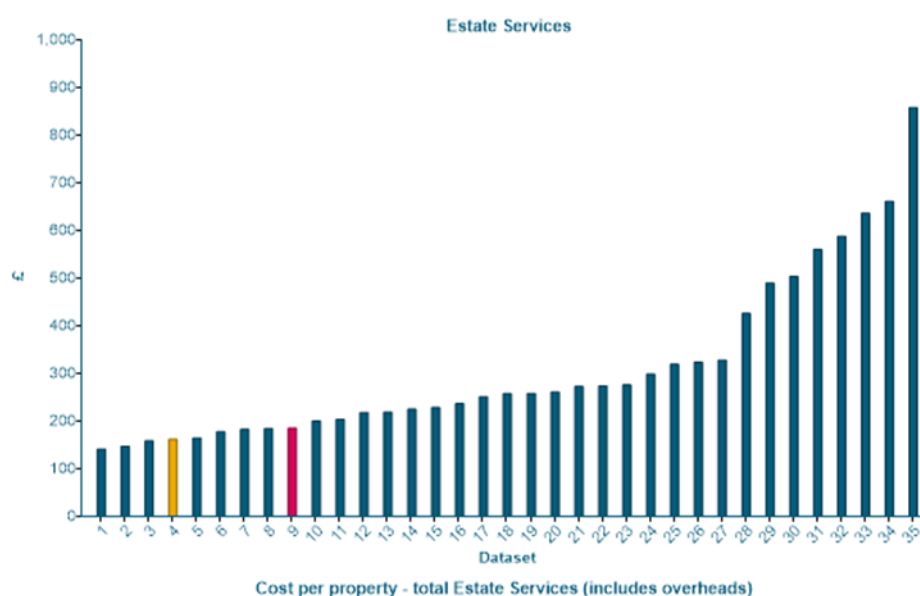
Percentage of dwellings with a valid gas safety certificate				
Comparator Group Quartiles		Upper	Median	Lower
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
17	Thames Valley Housing Group (2015/2016)	100.00	1	★
1	Thames Valley Housing Group (2014/2015)	100.00	1	★

Average SAP rating of self-contained dwellings				
Comparator Group Quartiles		Upper	Median	Lower
		73.0	71.0	68.8
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
15	Thames Valley Housing Group (2015/2016)	71.0	14	🏆
13	Thames Valley Housing Group (2014/2015)	72.0	13	🏆

4.4.4 Estate services

- Costs remained in top quartile whilst resulting in good levels of satisfaction across all tenures.

Cost per property - total Estate Services (includes overheads)				
Comparator Group Quartiles		Upper	Median	Lower
		201.38	257.85	327.12
Id	Results for Thames Valley Housing Group	Result	Rank	Quartile
9	Thames Valley Housing Group (2015/2016)	185.65	8	★
4	Thames Valley Housing Group (2014/2015)	162.11	4	★



4.4.5 Shared ownership housing

- There has been good performance in key performance indicators and satisfaction has gone up, meeting the target of 60%. There is very limited comparable benchmarking data and so this has not been possible to compare meaningfully.
- We are currently looking at reducing 'avoidable contact' by residents with a new estates service that should deliver efficiencies through a front end approach to resolving service issues.
- The overall business model is financially efficient for TVHA, with the receipts from sales and subsequent staircasing providing internal subsidy for the development of new homes and service delivery.

Service effectiveness (measured through following KPIs)

Shared Ownership & leasehold				Target
	2014/15	2015/16	2016/17	2017/18
% current rent arrears	1.7%	1.4%	1.7%	2.5%
Leaseholder general satisfaction	*	*	60.6%	60%

*New survey methodology introduced from 2016/17

- Arrears performance was maintained at historically low levels for the fourth year running.

4.4.6 Key worker housing

The key worker NHS and student accommodation schemes achieve value for money by maintaining performance at a high level, with corporate targets and contract obligations being comfortably exceeded. This has led to the overall operating surplus exceeding that in the original financial model for the schemes year on year.

4.7 Community investment and resident training and employment

- Our community investment strategy works to develop our communities across four objectives: (i) improving the life chances of residents, (ii) working with young people, (iii) increasing access to support services, and (iv) empowering communities. We look to bolster the funding for the various projects with a combination of match funding, external funding and in-kind funding. Many projects that we fund, particularly the Community Chest projects, receive significant financial and in-kind contributions from partner organisations. Other TVH projects are funded through external contributions, typically through engagement with our supply chain.
- During 2016/17, we measured the Social Impact of our work using HACT's Wellbeing Valuation tool, which enabled us to understand those projects that were the most effective as a return on investment. We have also been looking at ways to utilise our internal data to understand the business impact of our work.
- During the year, the Community Chest was used to contribute funding to much bigger projects, which explains the large jump in match funding.
- The long term impact of getting residents into work is significant in terms of health benefits, reduced management costs and reduced arrears. On average, it costs us £200pa less to manage households where the residents are in employment.
- The following figures show the inputs and outputs over the last six years. The numbers of residents helped and number of projects and the leveraging of match funding provided significant value for money when compared to the TVH investment.

Investment:

	TVH Funding (£)	Match Funding (£)
2010-11	77,357	140,781
2011-12	63,561	395,412
2012-13	73,744	346,699
2013-14	107,039	316,440
2014/15	128,468	238,872
2015-16	125,000	239,220 + £26,000 Direct Funding
2016-17	125,000	674,576 + 50,000 direct funding

- We piloted Level Up, our well-being project in Hounslow, to support residents facing multiple barriers to work.
- 40 residents expressed interest in attending and of these 18 completed the course
- None of the attendees had engaged with the Training and Employment team over the past 5 years
- Following the course, 5 residents from this group have gone on to secure employment
- 9 have moved on to the next level, including training and volunteering placements
- We supported 36 residents into work placements both within TVHA and through our supply chain. Managers from across the business within TVHA have helped residents build experience in areas such as IT, Facilities, Service Charge, Revenues and Training and Employment
- We supported 135 residents into employment. Employment opportunities ranged from:
 - Bespoke curtain designers
 - Office managers
 - Delivery drivers
 - Classroom assistants
 - Surface repairers
- Numbers supported into training: We supported 266 residents into various training opportunities and qualifications. 67 of these got training in starting and growing their businesses, including:
 - Personal fitness trainers
 - Employability qualifications
 - Basic IT
 - Early childhood qualifications
 - Plumbers
 - Electricians
 - Business administration

5.0 Achievement of value for money targets 2016/17 & targets for 2017/18

5.1 The following table summarises achievements against our key strategic value for money objectives and targets in 2016/17 These derive from our corporate plan for 2015-18:

Objective	Value for money target	2016/17 target	Output	2017/18 target
Grow the business				
Affordable housing & shared ownership development completions (increasing economies of scale)	<ul style="list-style-type: none"> Affordable housing development starts & completions Newbuild Homebuy: <ul style="list-style-type: none"> Sales Income Margin Staircasing surplus 	<ul style="list-style-type: none"> 450 starts 372 completions £21.6m 43.1% £6.9m 	<ul style="list-style-type: none"> 456 379 £26.2m 37.8% £11.5m 	<ul style="list-style-type: none"> 450 370 £19.8m 42.9% £8.5m
Deliver the commercial returns identified in the growth & investment strategy	<ul style="list-style-type: none"> Fizzy: <ul style="list-style-type: none"> New units approved Void rent loss Yield Opal: <ul style="list-style-type: none"> Profit Return on capital employed 	<ul style="list-style-type: none"> 750 3% 4.5% £7.0m 23% 	<ul style="list-style-type: none"> 111 5.4% 5.2% £1.0m 59.1% 	<ul style="list-style-type: none"> 600 3% 4.5% £4.7m 58%
Maintain organisational capacity				
Treasury strategy: Secure the capacity and funding required to enable growth ambitions	<ul style="list-style-type: none"> Gearing ratio Interest cover ratio 	<ul style="list-style-type: none"> 49.2% 2.38 	<ul style="list-style-type: none"> 46.0% 2.0 	<ul style="list-style-type: none"> 46.0% 1.92
Financial efficiency & profitability	<ul style="list-style-type: none"> Surplus 	<ul style="list-style-type: none"> £25.3m 	<ul style="list-style-type: none"> £29.0m 	<ul style="list-style-type: none"> £31.0m
Deliver the required return on assets and operating efficiencies as set out in the Asset Management Strategy	Detailed asset appraisal of lowest performing assets and carry out options appraisal.	Harris Close: Appraisal completed. 12 homes at staff cottages appraised, converting 1 to two flats and extending loft. Other 11 to benefit from loft extension at next relet. All voids over £5k appraised.	Progress review of letting of Harris Close underground car park and telecommunications upgrade at Harris – securing income stream for the future. Feasibility on additional units & thermal and aesthetic improvements progressing. 1 house at staff cottages being converted to 2 flats including loft	Decision on provision of extra homes and thermal and estate improvements. Analysis of low strategic and financial performing assets. Re-iteration of asset appraisal including all general rented keyworker & student assets. Active Asset Management Strategy

Objective	Value for money target	2016/17 target	Output	2017/18 target
			extension.	developed
Deliver a great landlord service				
Develop a new customer services strategy to encompass digital change	<ul style="list-style-type: none"> Increase online transactions to reduce management costs Percentage transfer of telephone to online transactions Reductions in management costs 	<ul style="list-style-type: none"> >50% transfer from telephone to online transactions for payments 	<ul style="list-style-type: none"> 64% 	<ul style="list-style-type: none"> Customer Experience Strategy approved Service Transformation team established
Improved repairs performance & efficiency through managing the new partnering contract	<ul style="list-style-type: none"> Improved performance, satisfaction and lower costs 	<ul style="list-style-type: none"> Achieve KPI targets Improved communal repairs service Improved volume or feedback and levels of satisfaction 	<ul style="list-style-type: none"> Majority of KPI's being met with two areas needing further improvement Communal repairs response times improved. Satisfaction surveys robust with 95% satisfaction for day to day and 88.65 for communal year to date 	<ul style="list-style-type: none"> Achieve KPI targets. Review & improve operational structure of Axis and TVH Improve communal repairs service. Increase feedback.
Re-procurement of gas servicing contract	<ul style="list-style-type: none"> Improved performance, satisfaction and lower costs Gas servicing % completed 	<ul style="list-style-type: none"> Reduce costs by 5% 100% performance on landlords gas safety records 	<ul style="list-style-type: none"> New gas servicing contract mobilised 1st August. 100% gas safety compliance maintained. Cicra 30% saving achieved year on year, with 20% saving on annual cost plus 14% homes with unvented systems added to contract. Unvented systems now subject to annual servicing and more planned preventative approach. 	<ul style="list-style-type: none"> Mobilise in Summer 2017 Increased integration with Repairs Team Achieve 100% gas compliancy Develop more sophisticated groups of assets with varying annual gas service regimes to achieve improved VFM

Objective	Value for money target	2016/17 target	Output	2017/18 target
Rent arrears and re-lettings targets for all tenures	<ul style="list-style-type: none"> Financial efficiency through lower arrears and re-let times 	<ul style="list-style-type: none"> Social rent arrears 5.2%; re-let 21 days Key worker arrears 2.5% 	<ul style="list-style-type: none"> Targets achieved 	<ul style="list-style-type: none"> Social rent arrears 5.2%; re-let 21 days Key worker arrears 2.5%
Improve accuracy and efficiency of service charge management	<ul style="list-style-type: none"> Improved performance, satisfaction and lower costs 	<ul style="list-style-type: none"> Reduced % of balancing charge enquiries resulting in a formal complaint 	<ul style="list-style-type: none"> Increased collection rates due to greater accuracy of charging did involve increased enquiries but all successfully dealt with. 	<ul style="list-style-type: none"> In year service charge budget monitoring at scheme level Phasing out of spreadsheets in Finance.
Support residents and communities				
Develop the scale and approach to resident training and employment activities	<ul style="list-style-type: none"> Numbers of residents assisted into: <ul style="list-style-type: none"> ○ Employment ○ Work experience ○ Training 	<ul style="list-style-type: none"> 170 40 310 	<ul style="list-style-type: none"> 135 36 266 	<ul style="list-style-type: none"> 170 40 310
Community investment strategy	<ul style="list-style-type: none"> % match funding achieved for community projects 	150%	200%	150%