

Old Etonian Housing Association

Value for Money Statement 2016

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The Association is a registered charity and is registered with the Homes and Communities Agency (L2000) and with the Financial Services Agency under the Industrial and Provident Societies Act (No 12223R). It is also affiliated to the National Housing Federation.

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1. About Old Etonian Housing Association (OEHA)

OEHA was established in 1937. Its objective is to provide housing for those in need in Islington and surrounding boroughs and it has a particular interest in assisting teachers in housing need. The Committee of Management is committed to ensuring that an efficient and responsive service is provided to the Association's tenants.

The Association provides 40 flats at Eton House in Islington and has a small number of additional flats in street properties. Applications are considered from teachers employed in Islington schools for these properties.

In 2015/16 OEHA commenced with a project to provide housing for teachers employed at Holyport College, Windsor. The project aims to house the maximum number of teachers possible within the limited resources available while maximising assets. We purchased a two bedroom property at Trevelyan Court which has been used to house two newly qualified teachers on individual tenancies. A further three bedroom property has been purchased at the same development in 2016/17 which will be used to house an additional three teachers from the same college, once again maximising our assets to their fullest potential.

Since April 2006 OEHA properties have been managed by Teachers' Housing Association (THA) as part of a comprehensive management agreement.

2. Why a Value for Money Statement? (VFM)

The Homes & Communities Agency (HCA), which regulates all housing associations, requires that an annual self-assessment of VFM is produced and published by all registered providers. The HCA seek assurance that housing associations have a clear and strategic approach to VFM. The Regulatory Framework published in 2012 introduced the VFM Standard which requires registered providers to deliver a comprehensive and strategic approach to VFM in meeting the organisations objectives.

The annual review of VFM should be carried out across all of the Association's activities and it should include operational matters and assets. It should reflect:

- The association's social mission and the interests of stakeholders
- How the standard is being met
- Financial, social and environmental performance.
- VFM gains both backwards & forwards.

In July 2013 the OEHA Committee adopted a VFM Strategy which focused on ensuring OEHA provides services that benefit its tenants and other stakeholders, taking into account their priorities and expectations whilst ensuring the best use of assets. We believe the purpose of VFM is maximising our value by providing more homes, better services and improving the lives of our tenants. Our Strategy will be reviewed every three years.

The Association recognises its mission to house people in need and offering housing solutions to those working in education.

Our Strategy aims to ensure a co-ordinated approach is taken and provides a focus to embed VFM and good practice throughout the Association. This is a statement produced annually detailing how OEHA is performing against its VFM Strategy.

3. Savings in 2015/16

Management Agreement

We reviewed our Management Agreement with THA effective from April 2016. Under our agreement the base management fee cannot increase by more than the September RPI. We continue to believe that the management agreement with THA is the most effective way of delivering our housing services to tenants. Our overall fees paid to THA in 2015/16 reduced by 1.6%. Within the overall fee however there was an increase of 14% on the service charge administration costs due in part to the increase in service costs for garden works at Eton House undertaken in response to tenant requests.

Home Loan Management

The Association had an Administration Agreement with Teachers' Building Society in respect of the Home Loans which expired on 31 March 2015. We determined that it would be more cost effective to manage the loans on a response basis. Following handover of the scheme, review fees of £1,296 were incurred. Thereafter the total administrative fees for 2015/16 were £363, compared to £1,081 the previous year. We believe that the new administrative arrangement will save costs in the long term.

Insurance

We continue to see the benefit of our reinstatement valuation review on premiums. Our overall premium for 2015/16 increased by 5% to £5870 but remains lower than the 2013/14 premium applicable prior to the review of £8,531.

Recruitment costs

We review the composition, skills and experience of our Management Committee annually. We identified a need to recruit 2 additional members in 2015/16 and advertised in The Guardian via the NHF Get on Board scheme at a cost of £1,000. We were able to recruit 3 new Committee Members as part of this process and will therefore not be advertising in 2016/17, saving recruitment costs.

Training

We believe it is important to ensure that our staff and Committee Members are appropriately skilled and trained and seek training opportunities that represent the best value. We have established that web based training is the most cost effective and efficient way of undertaking specific health and safety training. Our Caretaker has completed 2 such courses this year at a cost of £30 per course – discounted by 25% due to block bookings by our managing agents.

Development

We reported in 2014/15 that in addition to achieving cost savings for our existing tenants, as part of our Development Strategy we had begun a project to provide a small number of homes for teachers working in Windsor. We were able to purchase a 2 bedroom flat which was let to 2 teachers on Assured Shorthold tenancies. This resulted in a small increase in our overall operating costs and decrease in average weekly operating costs per unit. As reported we are planning to purchase an additional unit in the same development in 2016/17.

Service Charges

As in previous years all Service Charges applied have been “variable”. This ensures that tenants only pay for the actual costs of services received and therefore benefit from any savings made. We have reported in previous years that we had entered in to long term contracts for both Fire Safety Equipment Maintenance & Legionella testing and tenants continue to benefit from these contacts and the savings they represent. In 2015/16 we negotiated an annual 3% saving for the year 2016/17 for the cost of Landlord Electricity Supply. This contract came in to effect from April 2016 and tenants will benefit from the savings it provides.

The table below shows the variance in Service Charges across three sites (Eton House, Coombs Street & Mary Gomm House) since 2012. All Service Charges are applied weekly.

Property/Date	2012/13	2013/14	2014/15	2015/16
Eton House	£14.61	£14.81	£12.24	£12.32
Coombs Street	£8.15	£18.49	£3.76	£3.66
Mary Gomm House	£4.18	£9.72	£7.25	£11.11

At Eton House we have been able to achieve savings or keep Services Charges level since 2012/13. Coombs Street has seen reductions in Service Charge from a high of £18.49 in 2013/14. Mary Gomm House has seen an increase in Service Charge in 2015/16 which was caused by an increase in the cost of servicing repairs. As there are only 4 flats at Coombs Street and Mary Gomm House any expenditure has a significant impact on the weekly service charge.

Tenant Involvement

We have again held a summer walkabout at Eton House as an alternative to formal consultation meetings which were not well attended. This has proved a more effective of engagement and provides better value with a higher number of tenants attending.

Teachers’ Housing Association (THA) staff and OEHA Committee members attended the summer 2015 walkabout. Tenants gave feedback about the services provided including cleaning and gardening and an action plan was produced.

One issue to arise from the 2015 event was tenants' dissatisfaction with the condition the communal flower beds on the estate. Tenants present felt that, whilst they were satisfied with the grounds maintenance overall, they were unhappy with the large gaps in the perimeter planting which they felt did not afford them sufficient privacy or security.

Following on from the event quotes were obtained to have this area re-stocked with both larger plants and smaller bedding plants to improve the overall area. The quote obtained was broken down in to areas so we were able to address the areas that required the greatest attention with an option to revisit other areas at a later date if necessary.

Works were completed in 2015/16 and were charged to the Service Charge for the same period.

The event also highlighted that the garden fencing for the 10 ground floor flats was in need of replacing as the existing fences were tired and all of different styles and sizes. Quotes were obtained for the fencing to be replaced and works were completed in 2015/16 with the Association absorbing the cost.

Customer Satisfaction

The Status Tenant Satisfaction Survey was undertaken in October 2013 (due again 2016). The results which have been previously reported to the Committee showed a significant improvement on the previous survey with 100% of tenants satisfied with the overall services provided by the landlord. However one cause for concern was with the low level of tenant satisfaction with the estate cleaning service at Eton House. We planned a VFM review of the caretaker service but due to staff changes there has been limited progress with this. It is anticipated that should satisfaction remain low in this area after the next survey, a full review of this service area will be carried out.

Procurement

In 2015/16 we undertook works to improve the communal gardens at Eton House. We replaced planting in a large flowerbed which offered privacy and increased the feeling of security for the tenants living on that side of the estate as well as improving the overall appearance of the estate. We had originally planned to complete these works in the previous year but it had not been possible. However, we were able to negotiate having the works completed for the same price as had been quoted in 2014/15.

The property secured at Trevelyan Court was purchased unfurnished but we considered that to make it an attractive prospect to newly qualified teachers, we would need to supply furniture. We looked at various options, including buying pieces individually and self assembly. We opted for a company who could supply a bespoke furniture package to our specification which would be delivered, assembled and all packaging removed which we considered to represent the best value. The total cost to furnish a two bedroom property was £2348. The speed with which we were able to furnish and let this property resulted in zero rent loss.

4. OEHA Key Performance Areas

Performance Indicator	Performance 2012/13	Performance 2013/14	Performance 2014/15	Performance 2015/16
Emergency Repairs completed on time	100%	100%	100%	100%
Urgent Repairs completed on time	98%	84%	96%	100%
Empty ("void") properties rent loss	0.56%	0.29%	0.59%	0.57%
Lettings to black/minority/ethnic households	25% (4 lettings)	0% (2 lettings)	0% (3 lettings)	50% (6 lettings)
Current tenant rent arrears	3.5%	3.3%	3.3%	2.84%
Average weekly rent all stock	£118.11*	£121.73*	£124.20*	£127.19*

* excluding intermediate rents

5. Benchmarking

Performance Indicator	THA Performance 2015/16	OEHA Performance 2015/16	Benchmarking BM320 2014/15	Benchmarking BM320 2015/16
Emergency Repairs completed on time	99%	100%	100%	100%
Urgent Repairs completed on time	98%	100%	97%	97.1%
Average Re-let Times (days)	51.8 days	10.5 days	23.3 days	21.85
Lettings to black/minority/ethnic households	12.2% (74 lettings)	50% (6 lettings)	23.6%	14.39%
Current tenant rent arrears	2.30%	2.84%	2.83%	3.02%
Average weekly rent & service charge for 2 beds	£125.81*	£128.91* (excluding Service Charge)	£96.80 (excluding Service Charge)	£97.38 (excluding Service Charge)

* excluding intermediate rents

OEHA benchmarks key performance areas with THA and other small housing associations. The table above shows how OEHA's performance in key areas compared with THA's and the Benchmarking group BM320.

6. Return on Assets and Operating Costs

OEHA is committed to achieving the best return on its assets by understanding the differences within our stock profile and the needs of our stakeholders. VFM extends beyond financial return and includes environmental and social value. To that end, we are reviewing resources available to fund further development to offer solutions to those working in education. Our project to support Holyport College maximises our resources to provide housing for five teachers in 2 flats. This is the maximum number of people the flats could house and is the best use of our assets.

Our total operating costs reduced year on year from 2011 until 2015, mainly due to reductions in maintenance expenditure. In 2015 the operating costs saw a significant increase due to works to Eton House balconies and other major repairs including components. Our statutory accounts for the year ended 31 March 2016 have been produced in accordance with the new accounting standard FRS102 and the accounts for 2015 restated for comparative purposes. Our total operating cost per unit per week in 2016 was £135.55, an increase from £129.50 in 2015. The operating cost per unit per week excluding major repair and cyclical maintenance costs increased from £94.21 (2015) to £97.82 (2016).

Within our total operating costs, management expenditure increased by £12,720 in 2016. Notable increases in expenditure compared to 2015 related to professional fees (stress testing for our Business Plan), Legal Fees and development costs for acquisition of new properties, committee recruitment and training costs.

7. Summary

Whilst we have worked hard to achieve real VFM for our tenants and stakeholders, we accept that there is still more to do. Our aims for the year ahead will be:

- To continue to drive VFM through the business and ensure that all staff understand and embrace the ethos and importance of achieving VFM in all that they do.
- To ensure that there is continued high level of tenant satisfaction in all that we do, paying particular attention to the estate services that are delivered through Service Charges.
- To explore options and review resources to fund further developments.
- To ensure continued focus on improved operating costs.
- To continue to conduct annual reviews of all Service Charge contracts ensuring that the services provided are necessary and provide the best in value for our tenants.
- To ensure that a full and robust tendering process is completed before any major works are carried out at any of our properties.