

# Old Etonian Housing Association

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## Value for Money Statement 2017

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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 as a registered society under the Co-operative and Community Benefit Societies Act 2014 (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 a project to provide housing for teachers employed at Holyport College, Windsor when we purchased a two bedroom property which was used to house two newly qualified teachers. The project aims to house the maximum number of teachers possible within the limited resources available while maximising assets. In 2016/17 we purchased a further three bedroom property at the same development which has been 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 organisation's 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 and we anticipate a review in 2017/18 when further guidance is issued from the HCA with regards to VFM.

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 2016/17**

#### **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 2016/17 increased by 1.75%. Within the overall fee however there was an increase of 118% on the Maintenance Project Fees which reflects the works carried out to renew the pathways at Eton House.

#### **Home Loan Management**

From April 2015 we determined that it would be more cost effective to manage the loans on a response basis rather than via a separate management agreement. In 2016/17 the total fees and costs incurred in relation to the Home Loan scheme were £4,755. This sum included fees for work undertaken in 2015/16 and some exceptional costs associated with redemption of one of the home loans. Redemption of one home loan in the year provided funds of £32,113 to the Association. Seven home loans remain in place.

#### **Insurance**

We continue to see the benefit of our reinstatement valuation review on premiums. Our premium for 2017/18 is £6,713 which includes an increase in cover for Trevelyan Court. This represents a decrease in spend of 0.7% despite an increase in the sums insured values by 2.8%.

#### **Recruitment costs**

We regularly review the composition, skills and experience of our Management Committee. In 2015/16 we identified a need to recruit 2 additional members 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 therefore did not need to recruit in 2016/17 which represents an ongoing saving on 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 one course this year at a cost of £30 – discounted by 25% due to block bookings by our managing agents. We have also subscribed to cost effective training programmes supplied by the NHF for Committee Members where appropriate.

#### **Development**

We reported in 2015/16 that 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. In 2016/17 we were able to secure a further 3 bedroom flat within the same development in Windsor.

This has been let to 3 teachers on Assured Shorthold Tenancies which helps to meet the Association's objectives whilst reducing the average weekly operating cost per unit across all the Association's properties.

### 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 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.

The table below shows the variance in Service Charges across three sites (Eton House, Coombs Street & Mary Gomm House) since 2013/14. All Service Charges are applied weekly.

| Property/Date          | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|
| <b>Eton House</b>      | £14.81  | £12.24  | £12.32  | £13.26  |
| <b>Coombs Street</b>   | £18.49  | £3.76   | £3.66   | £12.37  |
| <b>Mary Gomm House</b> | £9.72   | £7.25   | £11.11  | £13.49  |

At Eton House we have been able to achieve savings or keep Services Charges at a similar level since 2013/14. Coombs Street has seen a significant increase in Service Charge in 2016/17 due to Legionella Testing and Fire Risk Assessments both being due in the same year. Mary Gomm House has seen a slight increase in Service Charge in 2016/17 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 2016 walkabout. Tenants gave feedback about the services provided including cleaning and gardening and an action plan was produced.

One issue to arise from the 2016 event was tenants' concerns about the condition of the pathways. Works were subsequently carried out to the pathways to improve and maintain the communal gardens and build on the improvements carried out in the gardens in the previous year.

The summer event remains a vital strand in our Tenant Involvement Strategy and we hope to see a number of tenants at future events.

### **Customer Satisfaction**

The Status Tenant Satisfaction Survey was undertaken in January 2017 (with the previous report completed in 2013). The results which have been reported to the Committee showed overall satisfaction at OEHA properties is high with 92% of tenants expressing a positive view. No tenants responded that they felt "fairly or very dissatisfied" overall.

OEHA tenants were less satisfied with the appearance of the neighbourhood with only 74% of respondents being happy with how the area they lived in looked. Cleaning of the communal areas scored lowest of all (63%) with 10% of respondents feeling fairly or very dissatisfied with this service and around 3/5 felt that there had been no change in the standard since the last report.

The report provides detailed information which is currently being reviewed and an action plan will be developed to address the areas where we scored the lowest satisfaction with the focus being on how we can improve satisfaction with regards to the general cleaning and property hygiene.

### **Procurement**

In 2016/17 we undertook works to improve the communal gardens at Eton House. Tenants had expressed concerns with the condition of the footpaths and these were subsequently relayed to improve the appearance of the estate and to ensure tenants' safety when walking in the gardens.

The new 3 bedroom property secured at Trevelyan Court was purchased unfurnished and, as with the property purchased in 2015/16, we considered that to make it an attractive prospect to newly qualified teachers, we would need to supply furniture. We used the same company who supplied a bespoke furniture package to the 2 bedroom property the previous year. On this occasion we did not require lounge or dining room furniture and the total cost to furnish the 3 bedrooms was £763. 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 2013/14 | Performance 2014/15 | Performance 2015/16 | Performance 2016/17   |
|--|---------------------|---------------------|---------------------|-----------------------|
| Emergency Repairs completed on time          | 100%                | 100%                | 100%                | 100%                  |
| Urgent Repairs completed on time             | 84%                 | 96%                 | 100%                | 98%                   |
| Empty ("void") properties rent loss          | 0.29%               | 0.59%               | 0.57%               | 0.48%                 |
| Lettings to black/minority/ethnic households | 0%<br>(2 lettings)  | 0%<br>(3 lettings)  | 50%<br>(6 lettings) | 16.7%<br>(5 lettings) |
| Current tenant rent arrears                  | 3.3%                | 3.3%                | 2.84%               | 3.57%                 |
| Average weekly rent all stock                | £121.73*            | £124.20*            | £120.78*            | £120.33*              |

\* excluding intermediate rents

#### 5. Benchmarking

| Performance Indicator                            | THA Performance 2016/17 | OEHA Performance 2016/17 | Benchmarking BM320 2015/16 | Benchmarking BM320 2016/17 |
|--|-------------------------|--------------------------|----------------------------|----------------------------|
| Emergency Repairs completed on time (%)          | 100%                    | 100%                     | 100%                       | 100%                       |
| Urgent Repairs completed on time (%)             | 99%                     | 98%                      | 97.5%                      | 97.05%                     |
| Average Relet Times (days)                       | 40 days                 | 15 days                  | 21.8 days                  | 17.0 days                  |
| Lettings to black/minority/ethnic households (%) | 16.9%<br>(71 lettings)  | 16.7%<br>(5 lettings)    | 14.4%                      | 23.64%                     |
| Current tenant rent arrears (%)                  | 1.85%                   | 3.57%                    | 3.02%                      | 2.59%                      |
| Average weekly rent & Service Charge for 2 beds  | £122.77*                | £120.33                  | £87.53                     | £97.42                     |

\* 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 currently the best use of our assets. The overall number of units owned increased in 2017 from 54 to 55.

Our total operating cost per unit per week in 2017 was £98.13, a reduction compared to £116.24 in 2016. The operating cost per unit per week excluding major repairs, cyclical maintenance and depreciation costs reduced to £57.44 compared to £58.20 in 2016. In 2017 we spent £33,179 on major repairs (net of capitalised repairs), £7,824 on cyclical maintenance and incurred £75,370 in depreciation costs.

Within our total operating costs, management expenditure decreased by £4,506. Items which impacted on the decrease were a reduction in professional fees by £2,314, development costs which decreased by £4,537 and less expenditure on training which reduced by £974. Many costs increased only marginally.

## 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 and ensuring that these represent the best value for money.
- 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 & robust tendering process is completed before any major works are carried out at any of our properties.