

Guildford Sunset Homes Value for Money Annual Self-Assessment 2016/17 -

Return on Capital Employed (costs & outcomes)

The table below shows GSH's return on capital employed (ROCE) for the year ended 31 March 2016, compared to the previous year.

<u>Return on Capital Employed</u>	31-Mar-17	31-Mar-16
<u>Capital Employed</u>	£000	£000
Reserves - accumulated surplus	6,230	6,061
Loans - external finance	0	0
Total Capital employed	6,230	6,061
Surplus pre interest	145	553
Return on Capital Employed	2.3%	9.1%

The table shows that the GSH return on capital employed has decreased over the last accounting year, however the surplus pre interest for 31 March 2016 included a gain on disposal of a tangible fixed asset totaling £541k (please note the ROCE for 31 March 2016 would be 0.2% if the gain on disposal was not included).

The Association aims to deliver value for money to maximise its investment potential and ensure that it provides its tenants with good quality accommodation and services. In line with its charitable aims, any surplus generated is reinvested into projects and services that benefit its community. Below are some performance measures (KPIs) we use to assess our financial and VFM performance (costs & outcomes) compared against our set year-end targets.

KPI	Q4 2016/17	GSH target at Year End
FINANCE (n/t = no target)		
Operating Profit Margin on Operating Turnover (%)	26%	22%
Rent Arrears (£)	£527	< £750
Rent Arrears - Number of cases (cumulative)	1	4

Value for money – evidence of gains

During the last twelve months value for money has been integral to our business activities, as can be summarised below:

Team meetings (communication & training)

Monthly Chief Executive Staff briefings and regular team meetings drive home the importance of value for money in getting the very best out of limited resources, and providing services to as many tenants as we can. Staff are encouraged to think of the Association as their own, would they spend that money? Would they look for a better deal? The Board assess the direction of the Association, with constant reference of delivering value for money which is one of the core objectives in the GSH Business Plan.

Tenant involvement (customer involvement)

Tenant involvement in value for money at a strategic level is largely generated through the Annual Consultation Document. Suggestions for improvements are made via the document, discussed at the ACM and where appropriate implemented. Trustees are also at the ACM and additional discussions or suggestions are often generated by tenants for further debate at Board level. There continues to be significant focus in providing good value for money services to our tenants.

Development (costs & outcomes)

The Trustees have focused on obtaining land and development reports regarding the underutilised development opportunities at GSH. The Association has received planning permission from the local council to add twenty five new units on site. The new units will provide additional revenue to the Estate which in turn will develop and support the financial security of the Association.

Service charge & rent reviews (resident involvement + costs & outcomes)

Service charge costs have been analysed in detail as part of the annual budgeting process. We are conscious that service charge increases need to be kept to a minimum. The purchasing of electricity and gas contract was procured in October 2016 for a 24 month period which gave cost stability and best value for money. The cleaning contract has been reviewed as well as the grounds maintenance contract. These discussions also form a key part of the ACM.

Below are some further value for money gains received during the year for the Association –

- New insurer engaged through our brokers, JLT Group. Thorough re-testing the market at renewal meant that our brokers obtained an overall rate reduction of 5.43%. This took into account the increase on insurance premium tax (IPT) which rose from 9.5% to 10%.
- Negotiations regarding the new Telecare call system installed at GSH during the year. Three quotes were received for the system. The preferred contractor Chubb who installed the system we negotiated a reduced price (£1.2k saving).
- The total number of general repairs completed during the year (within our target times) were 375. Of these repairs the Caretaker is able to undertake a number of small running repairs and basic maintenance jobs throughout GSH to ensure that outsourced costs are kept to a minimum.

Benchmarking (costs & outcomes)

We use various sources including –

- Housing Association Network, Homes and Communities Agency (HCA) guidelines, National Housing Federation (NHF), auditors, external partnerships and processes.

All of which serve to ensure that we are confident in the level of service provided to the GSH tenants.

Use of technology (costs & outcomes)

During the year we identified that further interrogation and understanding of the current property management software together with planned investment in the IT provision to staff, will continue to enhance and professionalise the service that the Association is able to offer its customers.

Communication both internally and with the customer was identified as a major area of focus and the continuing development of the IT support structure has successfully driven the level of communication to a much higher level.

Looking Ahead

Business Plan –

We are continually revising our Guildford Sunset Homes Business Plan to meet the challenges of working in an ever-changing social environment.

Our core objectives are:

- Strengthen the procurement, repairs and maintenance process
- Provide the best service we can to tenants
- Strengthen longevity and viability of the estate.
- Deliver value for money

Maximising our income –

We will seek to professionally maximise income in all areas of the Association through development of existing stock, adding more units, and other options that arise. We will continue to offer reasonable rents and work with tenants to maximise their income. All of our rents are set and increased according to Government guidelines.

Risk –

We will continually identify this vital area and appraise risk as a team (at all levels), by reporting at Board, by Board reviews of all areas of identified risk and by employing internal and external auditors. Following their feedback and reports we will take action, tailoring resources to mitigate against any risks identified.

Tenant voice and influence –

We will continue working with tenants to increase their influence on what we are doing. Interaction with tenants will be through quarterly telephone Surveys, annual Customer Service Surveys, annual Tenant Forums, social activities on site, regular on site meetings and old fashioned mail/telephone calls.

Investing in staff –

We will continue to invest in all levels of our staff, developing a more productive workforce with clearer understanding of how to maximise our potential, training staff to understand operational priorities and the value and cost of everything we do.

VFM from resources –

We will achieve VFM from our resources by:

- reducing core costs,
- achieving best value from office premises and smart working practices,
- continuous improvement in procurement of all services,
- investing in IT technology to promote the smarter working and better delivery of services.