



**VALUE FOR MONEY
ASSESSMENT 2016 - 2017**

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It is fundamental to the achievement of our strategic objectives that we achieve value for money in all aspects of our activities.

Overview

Value for Money is relevant to our residents, stakeholders such as the Homes and Communities Agency, the taxpayer who ultimately provides the grant for new homes, and to our employees and Board members. We aim to be accountable to all of these by setting out here our past performance and future aspirations.

Introduction

We see value for money as the relationship between how effective we are, how efficient we are, and how economical we are. Value for money is high where there is a good balance between these three – low costs, high productivity and successful outcomes. The higher the value for money the more resources we will have available to apply to:-

- Protecting the services we provide and supporting our communities;
- Investing in existing homes; and
- Building new homes for those in need.

This statement sets out our performance on value for money, and our future aspirations.

Longer term aspirations

Overall we want to be as efficient as we can whilst providing excellent services to our residents. In our latest budget and business plan we have set the following aspirations on costs:-

- As a maximum our costs per property will rise by no more than the consumer price index (CPI). This compares with the rent increases housing associations can charge which is a 1% reduction each year until 2020.
- Our operating margin (our operating surplus as a percentage of our turnover) should increase over the medium term.
- The amount of cash that's generated by our activities, after interest payments, should rise over the medium term.

On quality we will aim to maintain our customer satisfaction levels at current strong levels despite the challenging operating environment.

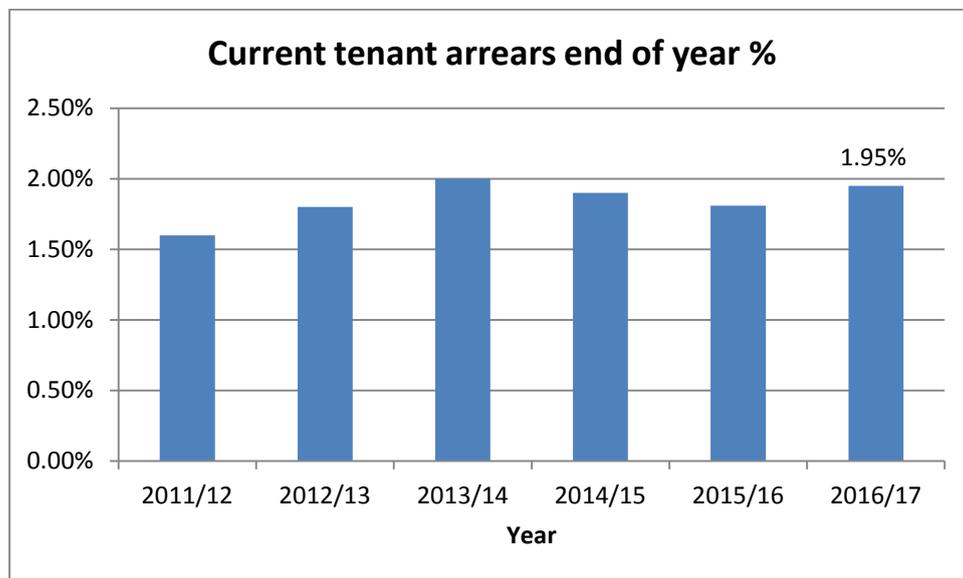
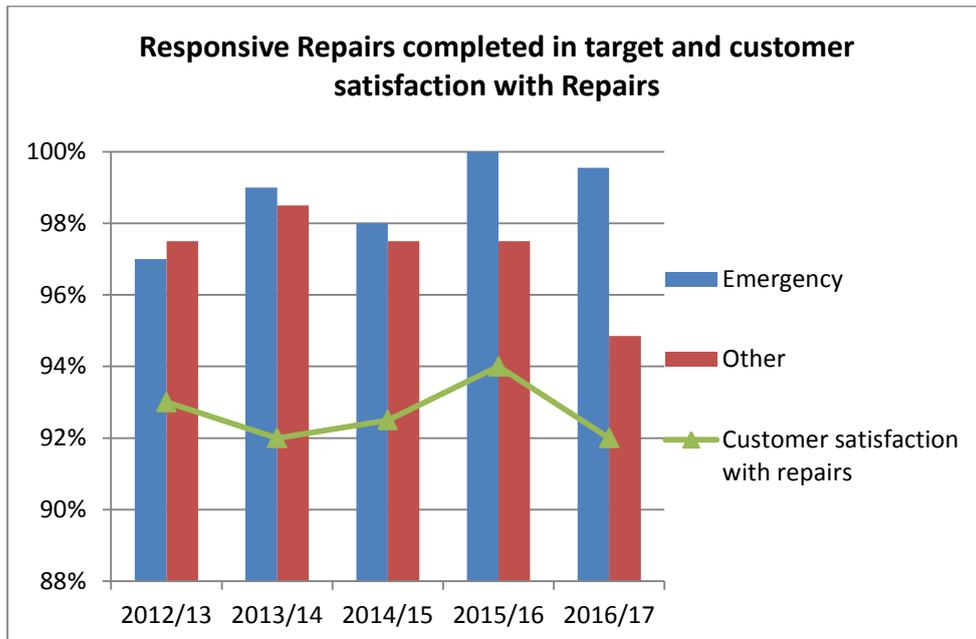
How we monitor and manage value for money

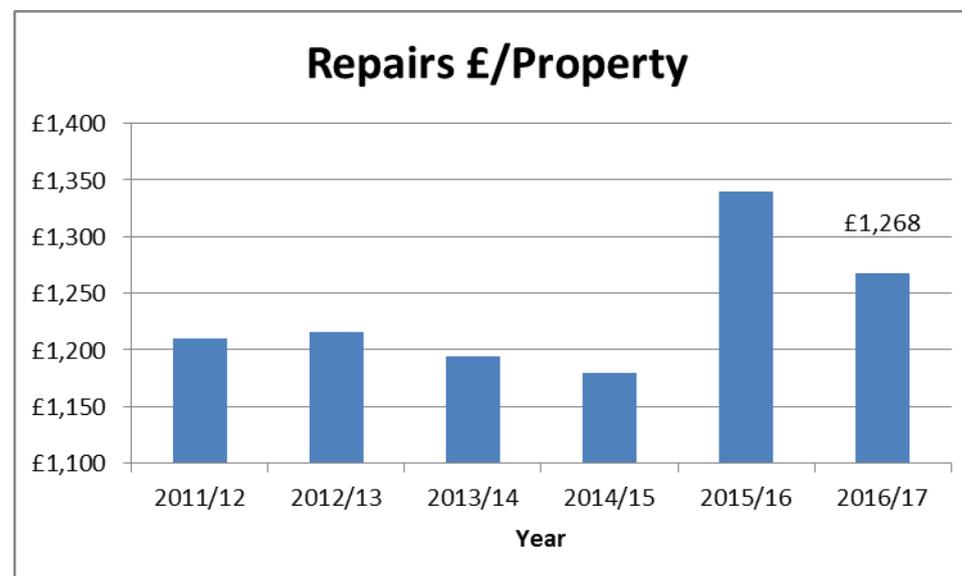
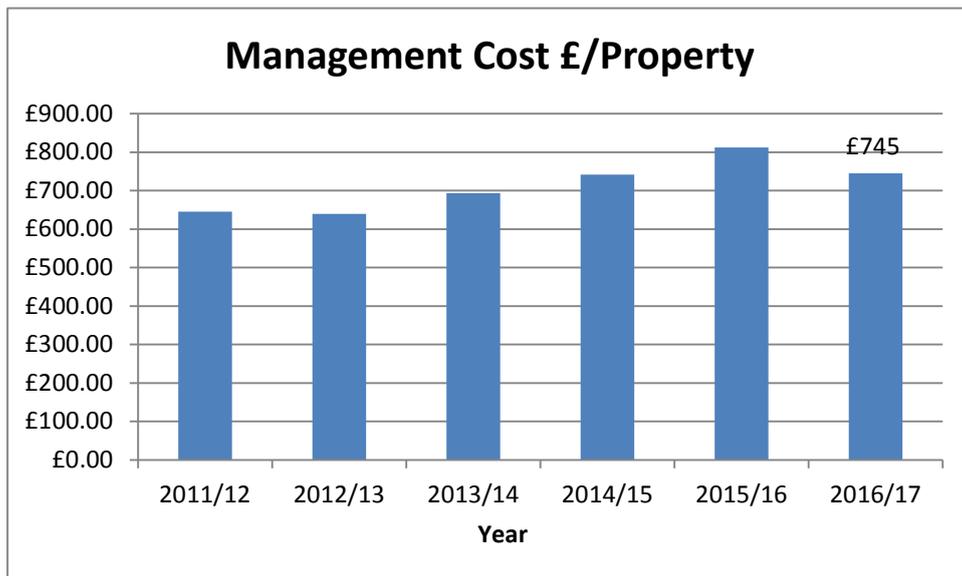
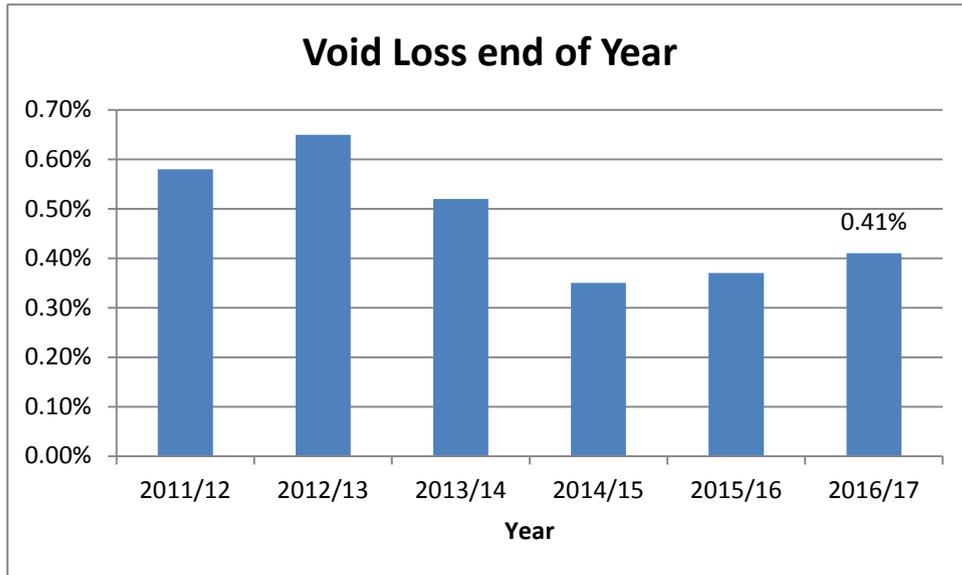
- The Board has approved a value for money strategy and this is reviewed periodically.
- The cost targets are clearly set out in the budget and business plan discussed and approved by Board.
- Performance against budget is monitored on a monthly basis by staff and is reviewed quarterly by Board.
- The Resources Director reviews the value for money activities of every department in the organisation.
- A contract database is actively maintained and monitored.

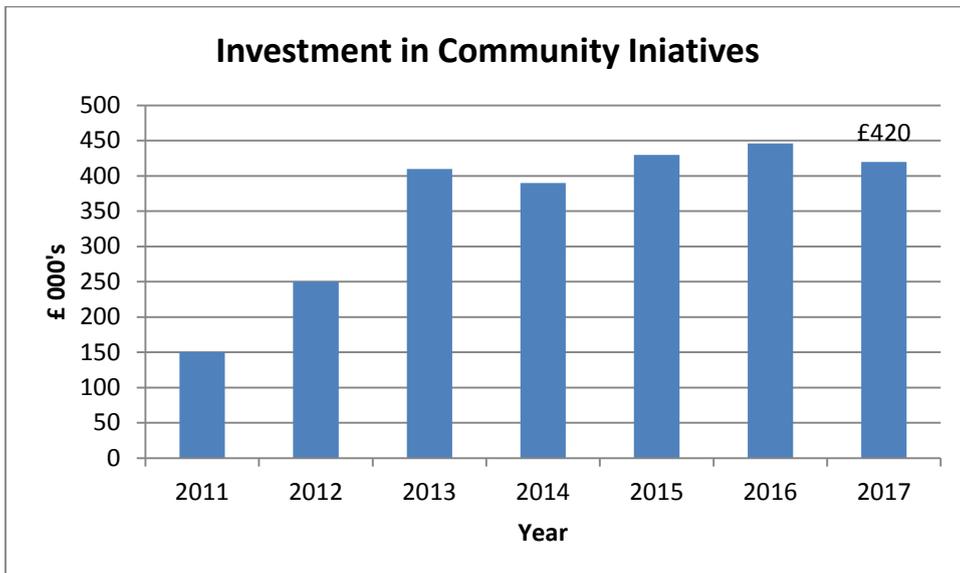
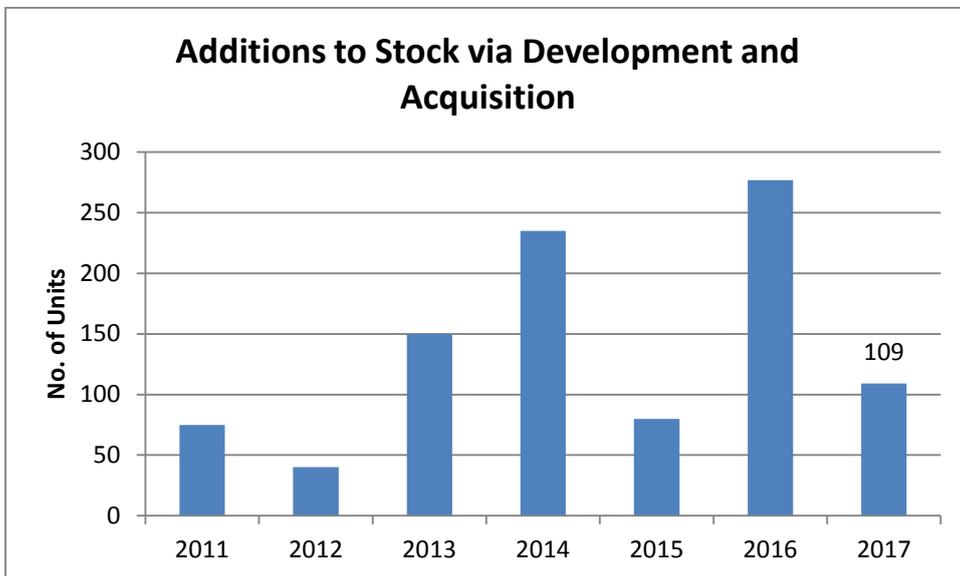
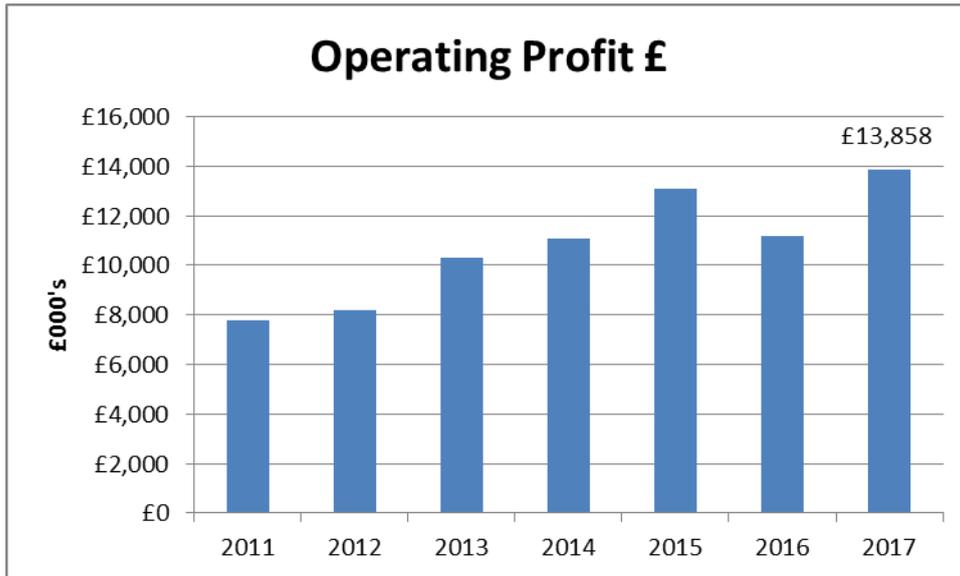
Understanding our performance

Our Performance: performance over time.

We have reviewed the indicators which we think are most relevant to our stakeholders. Performance over time against these indicators is set out below:-







Summary

The above charts generally show strong performance on customer satisfaction, repairs times, arrears and voids. Our operating surplus has risen this year whilst we have maintained investing around 1% of our turnover into the community through our Golding Vision activities. We continue to work hard at bringing new homes into our portfolio and while we are pleased that 109 new homes came into management this year, we have also made significant progress in a pipeline of schemes to achieve our plan of delivering around 200 new homes each year going forward.

Our Performance: benchmarking our performance v others

Our Performance: benchmarking our performance v others

To better understand our performance we have compared our performance with others in the sector.

We have adopted an approach of testing our performance across a range of quality and efficiency measures. To best utilise resources and minimise time and money spent conducting surveys we have chosen to alternate performance and satisfaction benchmarking annually between a full Housemark Benchmark data submission and Standardised Tenants and Residents Satisfaction survey (STAR). We completed a full Housemark submission in 2016 but have completed our own internal analysis this year. Furthermore, we have completed a STAR survey this financial year.

Benchmarking

The STAR satisfaction results published in November 2016 provides a means of comparing key satisfaction results, both benchmarking against others and looking at trends over time. Surveys were sent to a sample 3,312 residents on the 8th August 2016. A response rate of 29% was achieved (956 responses). This was a good increase on previous surveys. The results were as follows:

- Overall landlord service reached median at 87% with a sample size of 95
- Quality of home reached median at 85% with a sample size of 99
- Neighbourhood reached the lower quartile at 83% with a sample size of 96
- Repairs and maintenance reached median at 79% with a sample size of 86
- Views acted upon reached median at 69% with a sample size of 92
- Keeping you informed reached the lower quartile at 76% with a sample size of 14
- Finding staff helpful reached the lower quartile at 80% with a sample size of 7
- Rent is value for money reached the upper quartile at 87% with a sample size of 95

Although Golding Homes reached the lower quartile in three of the categories above, two of these were extremely low sample sizes. The questions asked in terms of Neighbourhoods related to issues such as anti social behaviour and estate services. This is an area where dissatisfaction may be experienced with outcome rather than the procedure, colouring opinions of the entire process. One major improvement showed in the number of satisfied tenants with the value for money section. The satisfaction rate increased by 5% in comparison with the 2014 survey, which put Golding Homes in the upper quartile for 2016.

Global Accounts benchmarking analysis

This focuses on financial performance and compares our financial statements for 2015/16 with the 100 largest Housing Associations. A summary of the benchmarking results are as follows:-

Growth

Golding Homes' growth in units is above average. Growth was 4.04% compared with a sector average of 1.61% for the sample.

Operating Costs

Management costs per property in 2015/16 were below the average at £880 per property compared with average for the sample of £1,100.

Maintenance costs per property were below the average at £890 per property versus an average of £1,000 for the sample.

Major repairs per property were above average at £1,250 per property versus an average of £900 for the sample.

Our operating margin was below the average at 26.6% compared with the average of 28.8% for the sample. This is probably the best measure of financial efficiency.

Void, Bad Debts and Arrears

Golding Homes' void losses as a percentage of gross rents and service charges was 0.36% in 2015/16, compared with 1.51% for the sample.

Rent arrears were 3.94% compared with 6.20% for the sample.

Losses from bad debts were 0.05% which was better than the average of the sample at 0.73%.

Conclusions for financial benchmarking

Golding Homes is performing efficiently in a number of areas compared with the 100 largest Housing Associations. We need to focus on continuing to reduce our average rate of interest as this is high compared with some peers. Whilst this reflects the economic circumstances prevailing at the time loans were taken out, as Golding Homes grows we should be able to reduce this rate of interest further, and lower costs in this area. We also need to review and reduce maintenance costs where possible.

Our performance: financial return on assets

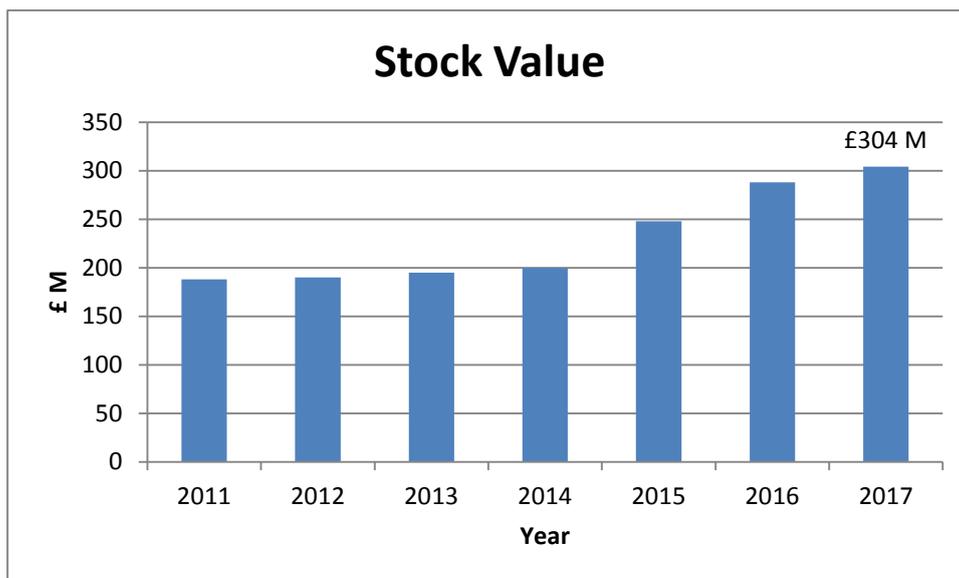
Are we holding and investing in the right assets?

Golding Homes has for a number of years had an asset management strategy setting out how we will ensure that the assets we continue to hold are maintained in good condition, and are not a financial drain on the business. One element of the strategy is an assessment of the future costs of maintaining the assets,

compared with the income we expect to receive. Where assets are expected to cost more to maintain than the income we receive we will consider disposals, with a view to investing sales proceeds in new properties, which will cost less to maintain in the future.

Return on assets: The value of our properties

The existing use value (EUUV) is a formal valuation of our stock by external valuers. The valuation is a measure of the total income we receive from our homes less the running costs of the homes over the lifetime of the homes, all added up. Increasing values indicate that the total return on the assets is increasing. We have an annual valuation for Golding Homes’ stock and the results are set out below:-



Return on assets: Surplus on social and non social housing activities as a percentage of assets value

Set out below is a return on assets calculation showing another indication of our performance. This is presented for the last two years only, as data is only available under FRS102 accounting standards for these two years.

	2016/17 £m	2015/16 £m
Fixed asset value in statement of financial position	363.3	350.4
Surplus on social and non social housing activities	13.7	10.4
Return on assets	3.8%	3.0%
Interest paid in year before amortised cost adjustments	5.7	5.6
Interest costs as a % of assets	1.6%	1.6%

This shows that in 2016/17 our returns are higher than our cost of funding those assets and that the returns on assets as a percentage is growing.

Community Development

Our activities and achievements during 2016/17 included:

- In 2016/17 we invested £360k in community initiatives.
- During the year we granted £50,542 to 72 local groups and clubs to assist them with community projects.
- Through our pre-employment support service we have provided training to 57 residents and provided information, advice and guidance to a further 158 job seekers
- Throughout the year we have supported/attended and hosted 214 events in the community including our Access for All event.
- In partnership with Kent Sport we have funded a further round of the delivery of a Get Active diversionary activity programme with a total of 2154 attendances by 504 participants aged 5-15. Activities included Cricket, dancing Gymnastics Boxing and Archery Tag.
- Pre-Tenancy Training, this training has been established in partnership with MBC. Over the course of the year 81 people have attended the training. The feedback received remains positive and attendance rates are good. Over the last 4 months each session has had at least 14 people in attendance.
- We ran 3 Easter Explorer sessions, in partnership with Medway Valley Conservation Society. The sessions were held in Park Wood, Tovil and Shepway. We were able to engage with 55 children across the 3 sessions and provide a diversionary activity during the Easter holidays.
- We commissioned Garden Organic to deliver a community garden scheme at 4 locations. During the course of the project 8 volunteers were recruited and 396 volunteer hours were contributed to the scheme. The project won the Wellbeing Community Award at the 2017 Wellbeing Symposium
- Overall in 2016/17 against a £400,000 project funding pot we achieved in kind/match funding contributions of £344,000.

Supporting People

Long Term Supported Accommodation (Sheltered)

We provide 974 long term supported housing (sheltered) properties for older people in Maidstone District with housing related support attached to the accommodation. Occupation exceeds the capped contract income for customers in receipt of Housing benefit with the remaining residents being self-funders. Referrals continue to be assessed to ensure support is required by each applicant and this is assisted by the close professional working relationship between Support Services and the Allocation team. This ensures the most vulnerable applicants access the service for their needs. We support residents with a wide variety of problems which may impact on their ability to sustain their tenancy and continue to live independently. These include: debt, domestic abuse issues, mental ill health issues, self-harm, substance and alcohol misuse. In addition our Sheltered Service supports many customers with physical disability, chronic illness and sensory needs.

The Sheltered Service is complemented buy our Day Centre provision through which a range of events and activities are provided by local groups and partner agencies of Golding Homes. These are available to residents of our sheltered accommodation and seek to enhance independent living, health and well-being and mitigate the risk of social isolation.

Teenage Parent Short Term Supported Accommodation

Golding Homes' Teenage Parent Short Term Supported Accommodation at Willowbrook Place comprises 6 self contained apartments, communal facilities, a play area and an office. We support young people who are in fear of homelessness, who are pregnant or who have young dependant children. The unit offers up to 14 hours per week of housing related support for up to 2 years, with the possibility of 3 months out-reach move on support. The unit continues to flourish with a waiting list of 6 applicants. From 1 April 2016 to 31st March 2017 we received 23 referrals. We have had 4 customers move on during this period. At least 3 activities a week provided at the unit are open to the wider community. Examples of sessions provided include: counselling, drug and alcohol awareness, financial capability, sexual health, smoking cessation, gardening, cooking, first aid, driving lessons. All customers are encouraged to consider education, employment options and volunteering.

Golding Lifeline

Our Golding Lifeline service provides alarm support to 600 customers. The service is accessible across all tenures to support those with long term conditions, assisting convalescence (e.g. Home from Hospital support) as well as care for those with terminal conditions, the older population, or people who have another vulnerability. Golding Lifeline enables customers to remain in their own home with access to 24/7 response via their lifeline unit. The Golding Lifeline service has customers across the county. Referrals to the service come from many partner agencies and stakeholders e.g. NHS, Hospitals, Kent County Council, Euro-Mobility, and Community Wardens. The service is promoted via the Appointment Cards in Maidstone and Tunbridge Wells Hospital, local Hospices, the annual Access for All event in Maidstone, talks and promotion by Golding Homes staff.

Social return on investment: new homes, and the 'rent dividend'

In 2016/17 we completed or acquired 109 new homes, investing £19.2m in the community on the overall development programme. Over the medium term we plan to develop around 200 new homes a year. Of these 108 will be homes sold as shared ownership or let at below market rates, thus providing new secure homes for families unable to afford housing on the open market.

In total we now own or manage over 7,000 homes. The vast majority of these properties are at rent levels significantly below market levels. This creates a 'rent dividend': for residents in receipt of Housing Benefit rents lower than market rates mean a lower housing benefit bill and this saves government and the tax payer money. For those residents not on housing benefit they pay less rent than for homes in the private sector, leaving them more money to live on.

The average rent we charge is £105 per week, compared with market rents of £202 per week. Given around half our rents are covered by housing benefits we are saving these residents that pay the rent themselves over £18m a year and the government and tax payer the same sum in housing benefit compared with housing our residents at the private sector rent levels.

Value for Money achievements: potential and actual efficiency savings

Within Golding Homes our Leadership Team has monitored potential and actual efficiency savings. Some of the savings achieved in the recent period and plans for future savings are set out below.

We have achieved savings in a number of areas. Examples large and small are set out below:-

Loans:

We have reduced the effective rate of interest on our loans from 4.15% in 2016 to 3.91% as at 31st March 2017. On facilities drawn of approximately £40m this saves around £345k a year on a like for like drawn debt position. This has been achieved by an active interest rate management strategy, and accessing Affordable Housing Funding which is government guaranteed and is at a very low interest rate.

Revise employee discretionary award:

Following Staff forum feedback, the Senior Management Team agreed to replace the discretionary award with an increase in the Personal Development and Wellbeing grant from £75 to £200 per employee per year. £40,000 savings were achieved in 2016/17 with projected savings of £200,000 over four years.

Close Shepway office:

All of the services, facilities and ICT services saved from the closure of this office which impacted the 2016/17 budget by £50K.

Reduce consultancy/legal/audit:

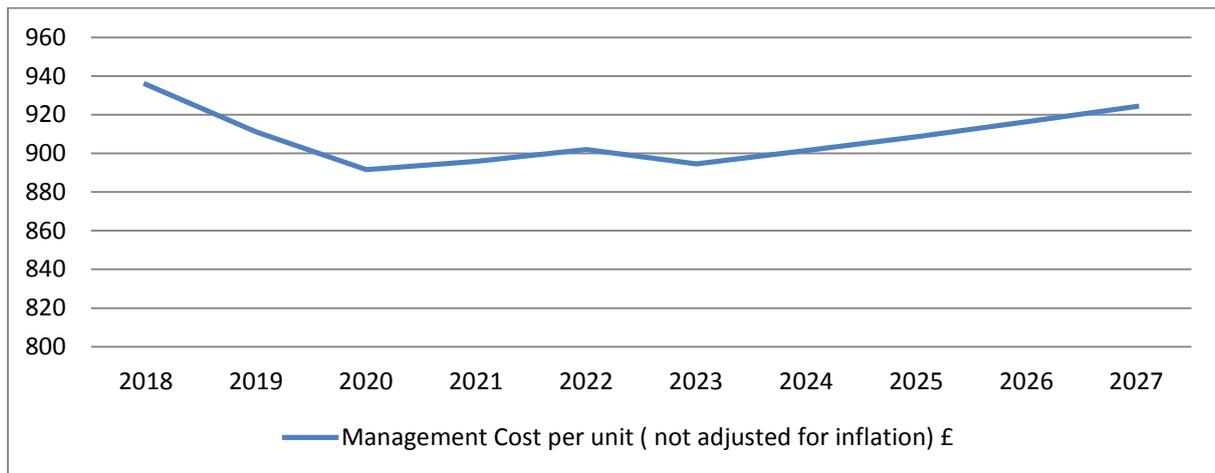
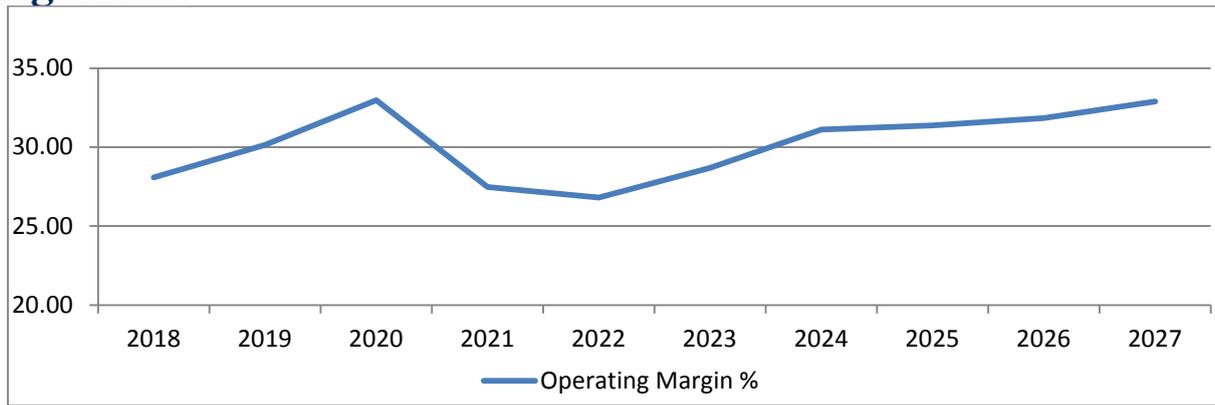
The budget for 2016/17 saw a reduction in consultancy and legal fees of £100k.

Our Plans for Future efficiency savings:

- We continue to have an ongoing focus on looking for further opportunities to improve our efficiency and effectiveness. For example, we continue to review posts that become vacant to assess whether by doing things differently and using systems more effectively, we can create capacity within the business to deliver more, whether more homes, more investment in existing assets and communities, or better services for those most in need.
- We have also instigated a fresh approach to Business Planning which we anticipate will also highlight further areas for improvement beyond those identified previously. This will include looking at investing in improving people, processes and systems now to generate longer term improvements in value for money. We anticipate it will also highlight further areas for improvement beyond those identified previously. This will include looking at investing in improving people, processes and systems now to generate longer term improvements in value for money.

Summary:

A summary of how we see our efficiency in the future is set out in the projections for our management costs per unit and operating margin for the coming years. This is set out below.



Monitoring

The Board and Executive receive information on our performance on value for money in the following ways:-

- This statement has been reviewed by Board and Executives
- Our quarterly business report covers Key Performance Indicators such as management costs, arrears, performance versus budget that covers the efficiency of our services
- Key savings initiatives are recorded and delivery monitored by the Leadership Team, comprising senior staff in the organisation.
- The budget and business plan is approved by the Board and these include a specific plan around savings over the medium term discussed and approved by Board.
- Tenants are consulted on this report as part of our Customer Scrutiny cycle and a précis version is published in our Tenants Annual Report. The full version is also made publically available via our website.

Conclusions on Value for Money

Golding Homes is a financially strong organisation. It is achieving a good operating margin compared with other housing organisations. Whilst it can improve efficiency in a number of areas it has set achievable targets to maintain satisfaction and improve efficiency over the coming years and continues to look for ways to do more. The Board acknowledges this and expects to deliver against these targets.