HouseMark business intelligence

acuity making sense of housing

SPBM 2016 Annual Report for Smaller Housing Providers

Once again, I am delighted to preface this report. I have seen first-hand how smaller housing associations are working hard to make every pound count so they can continue to deliver their ambitions in this challenging and uncertain environment. I have always been impressed by the willingness of housing associations to learn from each other and collaborate to find solutions to common problems, as happens in benchmarking clubs up and down the country. This report will really help individual organisations challenge themselves on cost and performance.

The recent vote to leave the EU has only increased the uncertainty in what was already a challenging environment for housing associations with the rent cut and Local Housing Allowance cap. This is particularly true for supported housing providers. But there are reasons to be cheerful too. Housing associations continue to respond well to the challenges - business plans have been revised and the sector remains ambitious to play as full a role as possible in ending the housing crisis. And, in an uncertain global market, investors still find the sector a stable and attractive home for their money.

Surprisingly perhaps, the vote to leave the EU has led to a conversation about how we address the nation's fractured social fabric, and surely this is an opportunity to properly focus on ending the housing crisis as one of the most important mechanisms of doing this. In light of the Housing and Planning Act, we have more freedom to run our businesses than ever before and decisions about how best to use assets now rest where they always should have done, in the hands of the board. With a more flexible investment programme and freedom to set our own rents, we could genuinely deliver a housing offer for everyone, regardless of their income and circumstances. The housing association business model means we can offer whatever is most needed in each local area, and with the right support from the Government this means we can continue to build through periods of uncertainty when the private sector can't. We don't yet know how the new Government will respond to the challenges presented by the vote to leave, but it is clear the offer of housing associations is more important and more relevant than ever.

Our offer also reflects the community investment that helps address the sources of dissatisfaction and disaffection that underpinned so many leave votes. Organisations that are close to their tenants, particularly smaller housing associations, are best placed to understand and play back concerns to a potentially more receptive government, as well work in partnership with others to make a positive difference to social cohesion on the ground. The housing associations I have spoken to since the EU vote remain ambitious and optimistic about the contribution and difference they can make to the communities where they work.

Essential to our credibility is the intellectual rigour of the offer to Government and our track record as efficient and effective businesses. They won't just take our word for it, which is why the evidence in this report, used individually and collectively, is so important. Of course the next 12 months will be a challenge, but interesting and promising too. The sector, including smaller housing associations, is in great shape to respond.

David Orr
Chief Executive
National Housing Federation

SPBM Review 2016

SPBM is the national smaller housing providers' benchmarking network, facilitated by Acuity in partnership with HouseMark. Aimed at housing providers with up to 1,000 homes, SPBM has 128 members owning / managing over 67,000 homes across eight English regions; the average stock size is 385.

SPBM provides cost and performance benchmarking data for our members, enabling them to compare with a peer group of similar organisations facing similar challenges. An essential performance management tool, this data is used by staff, Boards and residents to provide context for their organisation's performance, inform decision-making and demonstrate VFM to stakeholders.

Perhaps more importantly, SPBM brings member organisations together in regional and specialist benchmarking clubs, offering the opportunity to meet with colleagues and to get beyond the numbers; to network, share ideas, learn from each other and improve.

Meeting the regulator's challenge: understanding costs and why they vary

We review and adjust the performance indicators (PIs) every year to ensure that they are relevant and useful. This year we have met the demand for more robust cost measures from members who want to better understand their costs and respond to regulatory and political pressure to demonstrate VFM.

We have introduced new cost per property indicators with detailed definitions provided by our colleagues at HouseMark. These indicators are in line with HouseMark core definitions and enable wider sector benchmarking, as well as comparisons with other Acuity members.

We strongly encourage all members to consider the adoption of these measures to better meet the recently restated HCA expectations of understanding costs and why they vary from peers.

> **'I for one want to fully understand operating costs at a range of levels and see how I compare across the piece.'**

Continuing the focus on costs, we have integrated our national repairs cost benchmarking exercise into the main SPBM system, making it easier for members to breakdown and compare repairs and maintenance spending.

Once again, one of the larger projects this year was our national comparison of salaries & rewards at smaller providers, which is summarised in this report.

Understanding our members

In April we carried out a survey of SPBM members to find out whether, in the face of a bewildering array of changes in the housing sector we are doing everything we can to support them. The survey asked about SPBM overall, Acuity customer service, and the main elements of the service: reports, meetings and ad-hoc projects & events.

We received a lot of very positive feedback, hardly any negative feedback, but a surprising number of neutral or 'don't know' answers. In response, we have put significant effort into making sure that all our members are aware of the different aspects of the service, how it works and how it can be used, with particular emphasis on how to access data and use SPBM reports.

HouseMark

Our close working relationship with HouseMark continues to play an essential part in ensuring that SPBM activity remains in sync with the rest of the sector and in enabling our ongoing work to develop and improve benchmarking services for smaller housing providers.

> **‘Very satisfied and my Board are extremely pleased when the reports are produced at Board meetings.’**

The key to successful benchmarking is calculating cost and performance measures in a consistent way, and we have had great support from colleagues at HouseMark this year, providing us with detailed definitions for the new cost measures and a free helpline for SPBM members to respond to any definition queries and clarification of where costs should be allocated. Again, we would encourage our members to use this helpline to support them adopt the new cost per property indicators.

The relationship with HouseMark brings great benefits for SPBM members, enabling them to compare performance with larger providers using a level playing field of clearly defined, standard performance indicators. We continue to encourage our members, including Board members, to use the wealth of searchable information and good practice available to them online through HouseMark’s knowledge base.

What’s next?

The SPBM agenda will continue to be driven by its members.

I expect that we will continue to focus on the core product: benchmarking performance, costs and processes and supporting members through networking & good practice exchange.

We will keep looking for ways to improve and adapt what we do, to help SPBM members meet the challenges of the operating environment, not least of which is an emphatic focus on VFM. We have a unique role as the facilitator of this national network, and we will explore the development of new collaboration, services, workshops & events to respond to the needs of members.

This year’s SPBM report

We always get good feedback on our annual report and we hope this year is no exception. While comparative data remains its central focus, and probably the section that most readers turn to first, we have continued to develop the report as an opportunity for those we work with to share their thinking and highlight activities of interest to others.

Mark Anderson
Director, Acuity

This year we remember our dear friend and colleague Tim Taylor, co-founder of Acuity and known to many in his long & successful career in housing. Tim died as we were going to print with last year’s annual report. We miss him still and would like to thank everyone who sent messages for their kind support at the time.

VFM round-up

Steve Smedley gives an update on the regulatory environment and where SPBM fits in

Politically, the VFM of the sector has been in question for some time and it is no secret that the HCA has been under pressure to take a more muscular position. The perception is that the enforced one per cent rent cut reached the parts that three years of co-regulatory VFM couldn't, and that more efficiency can be wrung out of the system without compromising delivery.

The 'letter'

Julian Ashby's (HCA regulation's Chair) letter, in June, to the Chairs of larger housing associations (over 1,000 stock), must be seen in this context. The letter included:

- the association's 'Headline Social Housing Cost' per unit value derived from the Global Accounts together with sector-wide quartile values to facilitate comparison
- findings from the HCA's latest regression analysis which seeks to identify and quantify the effect of justifiable cost variation in a diverse sector, e.g. the additional costs associated with supported housing

As we said in the blog *What's it all about Ashby*[1], available on the Acuity website, the aim was to stimulate Boards and executives to dig deeper into their cost base: to go beyond the HCA's headline indicator, e.g. by using benchmarking and any other cost analysis, to better understand, explain and act on their cost variance from peers. The HCA's headline indicator is simply 'a starter for 10' – it poses a question that can only be answered by deeper analysis and understanding. The primary expressions of this understanding include a transparent VFM self-assessment, assured responses to In-Depth Assessment (IDA) questions and the association's own evidence-based cost and performance improvement plans.

Next year, it's likely that the data shared with larger housing associations' Chairs will be made public.

Diagram 1 illustrates how the HCA's new tools – headline indicator and regression analysis - fit with existing regulatory expectations and sector tools such as SPBM benchmarking, in the context of the business cycle.

'The HCA's headline indicator is simply 'a starter for 10' – it poses a question that can only be answered by deeper analysis and understanding.'

[1] What the HCA expects from smaller housing associations:
http://www.arap.co.uk/2016/06/hca-vfm-smaller-housing-associations/

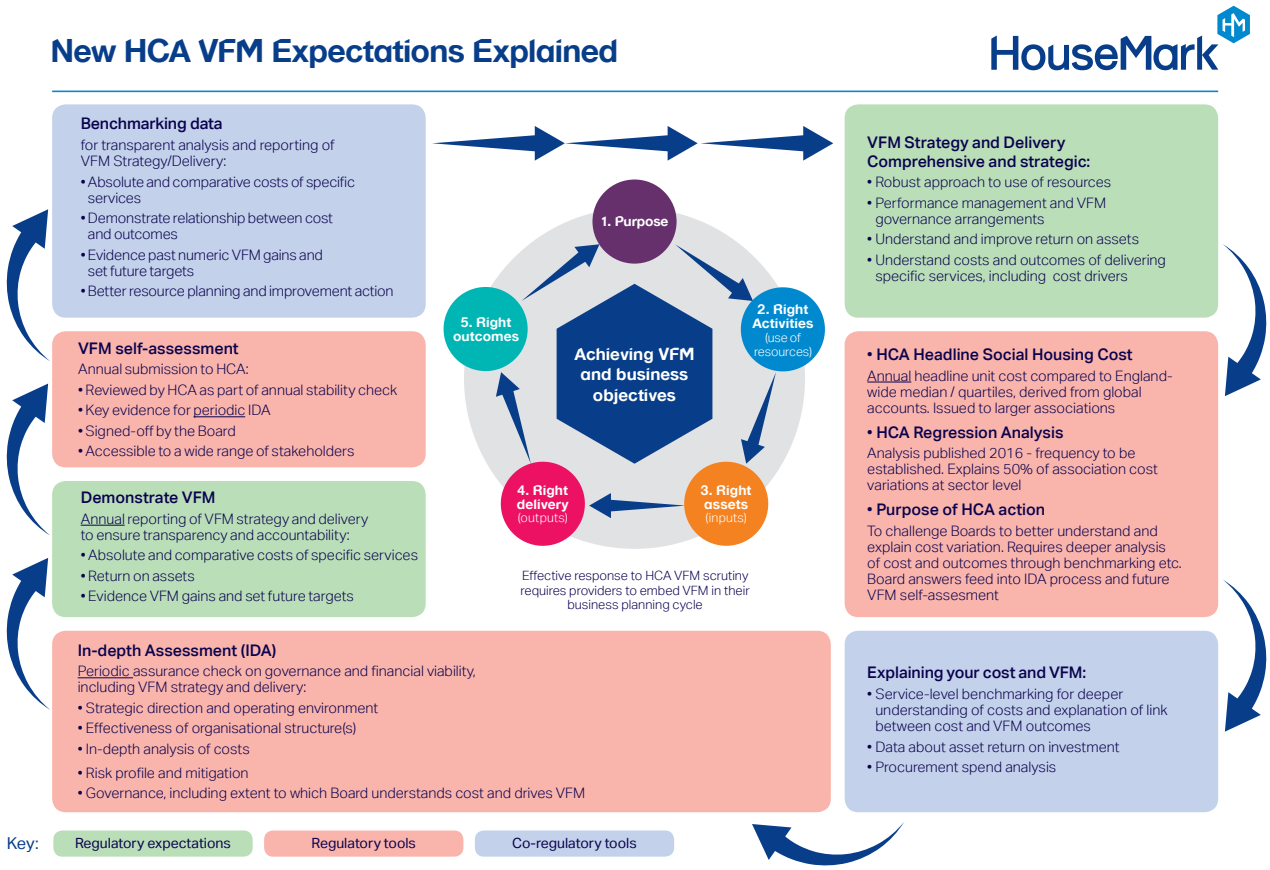


Diagram 1. How it fits together: your SPBM benchmarking data and HCA's VFM expectations

Image reproduced courtesy of HouseMark

Most of you didn't get 'the letter' and won't get an IDA, but in many ways that's irrelevant as the HCA's regulatory expectations to better understand, explain and act on costs are the same for all housing associations – it's your response to these expectations, as smaller organisations, that should be proportionate. SPBM benchmarking has been devised as a proportionate business tool for smaller organisations, including the four new unit cost metrics which were introduced to specifically address the HCA's ever-increasing interest in associations transparently demonstrating VFM.

For those that did get the letter (and anybody else who's interested), like all great stories, your VFM story probably needs a beginning, a middle and an end:

- start with the HCA's Headline Social Housing Cost measure as compared to peers
- 'why it is so' – drilling deeper, what is your analysis and understanding with reference to the regression analysis and your more detailed data, e.g. SPBM and HouseMark benchmarking data, ad hoc club exercises, procurement spend analysis, etc? – why the variation from peers, what's driving costs, what are your strengths and weaknesses, are you getting better or worse?
- the thrilling denouement – what you are going to do about it?

Clearly, in terms of expectations, the last two are just as relevant to those smaller associations that did not get the letter. Not content with being 'under the radar' some smaller associations have used the HCA's methodology to work out their Headline Cost score so they can incorporate it in their own 'straight line VFM narrative' for the VFM self-assessment (see diagram 2). Acuity is considering the merits of adopting the HCA's new indicator for collection by members on a voluntary basis.

Q&A: a straight-line narrative for your VFM story

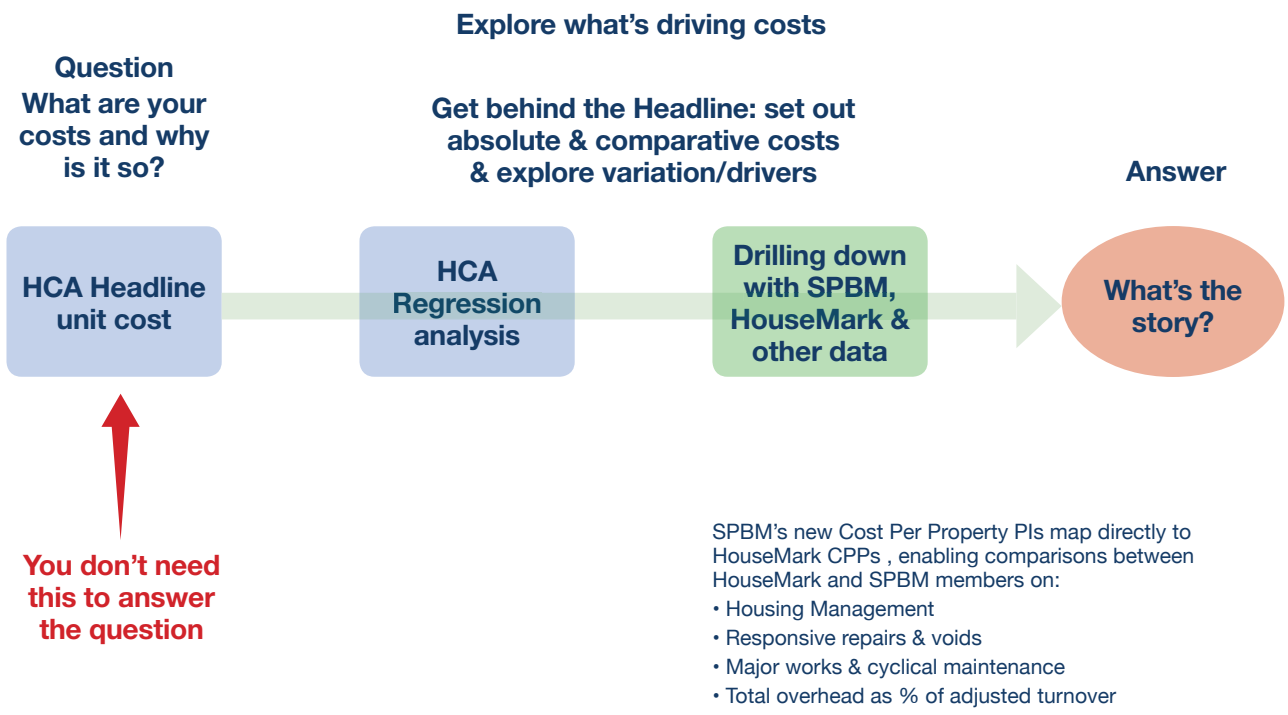


Diagram 2. A straight line narrative for your VFM story

Regardless of whether you use the HCA's metrics or not, your SPBM data provides the evidence-base for your story. Without such objective data, which can be presented as a simple VFM dashboard (see diagram 3), the narrative becomes a fairy story. Without the story, your data can mislead as much as it informs because 'context is everything.'

A VFM dashboard: the transparent use of SPBM data

So how should you use your benchmarking data? A transparent VFM self-assessment should allow the external observer to reach an informed conclusion about where the association is doing well and where it could improve (and if it is getting better or worse).

In terms of operational performance, transparency means offering 'systematic' evidence across activities, warts 'n' all, and not cherry picking what you are good at (yes it does happen). It also means being clear who you are comparing against and providing trend data to understand direction of travel. At the July club meetings I provided an illustration of what I think is wanted in terms of data. Diagram 3 is a latest version of the illustration with input from a member organisation. The choice and ordering of indicators used in such a VFM dashboard is of course your own. Another blog on the website, *Putting the finishing touches on your VFM self-assessment*[2], provides more information. Acuity is looking to automate the provision of a similar output pending the HCA's review of the VFM standard later in the year.

[2] Putting the finishing touches on your VFM self assessment
http://www.arap.co.uk/2016/08/putting-finishing-touches-vfm-self-assessment/

Diagram 3. Using SPBM data to create a simple VFM dashboard in a spreadsheet

VFM Dashboard

	Trend over time			How we compare with others 2015/16		
Maintaining & improving homes	**2013/14**	**2014/15**	**2015/16**	**Peer Group**	**SPBM**	**Housemark**
Responsive Repairs						
Average Weekly Cost per dwelling of responsive repairs	13.15	16.22	12.62	4	3	No data
% Repairs completed within target time	99.44	99.50	99.40	1	1	No data
% Repairs fixed on first visit	90.00	92.76	94.10	3	3	3
Improvements and Cyclical Maintenance						
Cost per property - Major and cyclical works	No data	No data	895.28	3	3	1
Housing Management	**2013/14**	**2014/15**	**2015/16**	**Peer Group**	**SPBM**	**Housemark**
Weekly Operating Cost per unit	48.31	54.52	44.74	1	1	No data
Operating Cost as % of Turnover	64.60	64.09	71.00	4	3	No data
Ave weekly management cost per dwelling	12.32	12.92	16.45	3	1	No data
Rent collection & arrears	**2013/14**	**2014/15**	**2015/16**	**Peer Group**	**SPBM**	**Housemark**
Former tenant arrears as a % of annual rent debit - GN & HfOP	0.33	0.70	0.67	1	3	1
Current tenant arrears as % of annual rent debit - GN & HfOP	5.59	2.33	3.27	3	3	4
Voids & re-lets	**2013/14**	**2014/15**	**2015/16**	**Peer Group**	**SPBM**	**Housemark**
Percentage of rent lost through dwellings being vacant - GN only	0.51	1.00	0.70	3	4	3
Average re-let time (calendar days) - GN only	20.10	40.00	29.00	4	4	3

Key to comparisons

Top quartile	1
2nd quartile	2
3rd quartile	3
4th quartile	4

Acuity can also support your VFM endeavours on a consultancy basis. Please get in touch with Steve Smedley steve.smedley@arap.co.uk 07814 424426

Steve Smedley

Acuity & HouseMark Associate

Telling a better story

Many in the sector feel that there is a need for smaller housing associations to differentiate what they do from other providers, accentuating their unique selling point (USP) and effectively establish a brand. Mandy Elliott and Richard Beevers explore the issue for us.

Mandy Elliott: Chair of the NHF National Smaller Housing Associations Group and CEO of Crosby HA .

The role of the community housing association has never been more important - I don't like the term 'small housing association' - as many of us focus on the most vulnerable at a time when state provision is waning.

We are facing possibly the most challenging times in the history of our organisations.
Challenges to our:

- customers - as welfare reform bites and tenancies become more difficult to find and/or sustain
- businesses - as income is cut and expectations of the government and the regulator increase
- products - as homes (the bedrock of many of our businesses) are sold through the Right to Buy, resulting in an overall decrease in socially rented accommodation

We need to examine and be clear about our role and let people know why we are assets in their communities:

- our USP needs to shine - to demonstrate how our presence supports communities and contributes to wider social and economic stability
- we should collaborate to deliver efficiencies and secure our futures as independent businesses, delivering economic benefits to the state and added value to our partners. We should separate our strengths from the routine administrative burdens that often weigh too heavily on too many, finding ways to share the workload on common themes
- we should serve as an example of excellence; something to be proud of and something that the ordinary person on the street recognises as an asset.

Challenges always pose opportunities as well as threats. If the government is serious about reaching out to the disaffected 52% following the Brexit vote, we have an opportunity to articulate the value of what we do in those very communities that Whitehall might be waking up to. It will change perceptions about us and the people we house too.

Richard Beevers: leading consultant and speaker on customer experience, marketing and leadership, Managing Director of Customer Plus, a HouseMark Associate and Non-Executive Director of Gentoo Group .

Hands up if you've heard of Professor Michael Porter

You should! Michael Porter is the author of 18 books and numerous articles including *Competitive Strategy, Competitive Advantage, Competitive Advantage of Nations,* and *On Competition*. A six-time winner of the McKinsey Award for the best Harvard Business Review article of the year, Professor Porter is the most cited author in the history of business and economics.

And Porter's research and teachings explain the value and raison d'être of the small housing association. An explanation you should master and expound at every opportunity.

Porter's generic strategies describe three ways in which a business pursues competitive advantage successfully in its chosen markets. Either lower cost, differentiated, or focused. A smaller housing association may not be able to achieve the theoretical economies of scale of a larger association - we know from the HCA's own analysis that management costs actually compare favourably - but it can provide focused services to residents with particular needs.

The current Government's obsession with economies of scale and mergers is misplaced. If we start with our customers and recognise they come in all shapes and sizes we can see that it is more effective, both commercially and socially, for some associations to focus on particular segments or niches.

The high streets and shopping centres of major cities look the same because only the big players can create the scale of business required to pay sky high rents. But what if Government decided that only big could succeed in retail and actively discouraged the independents? We would lose out on choice, individuality, service, value, employment opportunities… Need I go on?

A small specialist can serve some customers better than the large-scale leader in virtually every market. Automotive, holidays, consulting, even utilities where Nottingham Council's Robin Hood Energy is doing great things.

So be proud of your role as a small housing association and recognise that you have the potential to be great in your own space. I say *potential* because nobody owes you a living by virtue of your size. Play out Porter's mantra by focusing on a few target markets, distinct groups of customers with specialised needs.

'Be focused. Be different. And be brilliant!'

The NHF National Smaller Housing Associations Group is playing an active role in the work NHF is doing on the 'Owning our Future' campaign - it aims to challenge perceptions about the sector by telling a better story about what associations do backed by evidence.

Challenge accepted

Executives from five different smaller housing associations, located across England, reflect on the challenges facing their businesses and their response.

ANGELA ALDIS, OPERATIONS MANAGER, HARROGATE HOUSING ASSOCIATION

Harrogate Housing Association own 182 houses and flats across the Harrogate District, for families and single people.

As a small housing association, a key challenge for us is how we respond to the impact of the 1% rent cut on the income of the association, i.e. it is difficult to reflect the lost income in reduced costs and continue to deliver a personal service to customers, which we see as a unique selling point.

The alternative is to grow. We intend to make the most of our development opportunities and will look to grow our stock base by around 50% over the next 3 to 5 years. This will be achieved without increasing our associated management costs, which we are confident is possible. It will also deliver improved value for money by reducing our cost per property. After initially struggling to find a funder, we are signing up to a new loan facility and our first 22 unit development to start us on our journey.

In addition, the roll out of Universal Credit across our customer base means collecting rent will become harder. It helps that we know each of our customers by name, but our approach is now focussing more on affordability for the customer and early intervention work, which includes serving notices very early on when arrears start to build. While this may seem harsh, ultimately it enables us to help sustain people in their homes.

MARK STUART, FINANCE DIRECTOR, ELIM HOUSING GROUP, BRISTOL

Elim owns and manages around 800 homes in England and Wales, comprising a diverse stock of general needs and supported housing. Our portfolio includes flats and houses both rented and sold to shared owners and shared housing. Our main focus for new development is in the four key local authorities of Bristol, North Somerset, Gloucester and South Gloucestershire.

Elim Housing Group is distinctive with a portfolio of supported housing and related services; Gypsy and Traveller schemes and general needs housing. As a result we feel the impact of the changes in our sector on more than one front. Grant available for development of rented housing is falling, some of our rents are reducing and the way support services will be funded in the longer term is not yet clear.

For years Elim has been responding to the wider political and social context; the recent changes have just re-energised that strategic shift in direction. We have been asking ourselves: *who can make best use of our services in the future?* Our answer is that we will focus our services on the people who can make best use of the opportunity our homes provide by achieving greater independence and therefore less reliance on the welfare system. This means working more closely with individuals to ensure that they can sustain their tenancies and achieve change.

We will develop new housing products and provide clear direction about who can live in our properties and the support we can and will provide. We will also use Lime Property Ventures Limited, our commercial subsidiary, to generate profits to increase the resources available to deliver our vision to address housing need and provide places for people to call home.

MIKE WILKINS, CEO AT DUCANE HOUSING ASSOCIATION AND MANAGING DIRECTOR, OCTAVIA LIVING LTD, LONDON

Ducane owns 238 properties in West London. Providing affordable furnished housing accommodation for postgraduate students, health care staff and other working families.

Ducane has recently joined the Octavia Group with an expectation that the two organisations will adopt the best practices in both over the next year or so. Development for Ducane will be increasing - 250 new homes are planned for the next few years, as part of the wider development programme of the Group.

Key strategic pressures are:

- to sustain the quality of services with a new management structure, including handing over day to day responsibilities to an Operations Manager as I take on Group responsibility for the running of Octavia Living and its objective of bringing new development in with a surplus made for the Group.
- to integrate effectively with the rest of the Octavia Group – initial signs are good
- to deliver new Ducane stock in conjunction with Octavia's development team – challenges to our ambitions include the implications of Brexit and the potential slowdown in development opportunities in the boroughs in which we work

Our response:

The business is well-placed to absorb the 1% rent cuts and the majority of our tenants will not be affected by welfare reform (60% are students). The 're-alignment' of housing management services as a result of revenue reductions is therefore unlikely. However to address the implications of merger and achieve our growth ambitions, we are managing a fair amount of internal organisational change – although jobs are preserved – and conceiving fresh approaches to developing new homes in order to best use our assets in the face of difficult market conditions.

GRAEME FOSTER, CHIEF EXECUTIVE, ALPHA HOMES, BIRKENHEAD

Alpha own 775 properties, providing quality affordable apartments for the elderly in Wirral, St Helens, Winsford, Bury, Macclesfield, Newcastle-under-Lyme, Leeds, Dewsbury, Telford and Sheffield.

Alpha's over-riding philosophy is one of providing vibrant services and creating stimulating communities for older people to live independently. The people we house have complex needs and high aspirations, and in order to meet them we will keep listening and adapting.

Alpha plans to invest £18m over the next 5 years to remodel some of its sheltered developments, reduce the number of bedsits and bring properties up to an enhanced 'Alpha Standard'. We are also talking to partners about developing care-ready and extra care housing. We have arranged a loan facility of £11m to support our work.

Rents limited to the Local Housing Allowance and the uncertainty associated with the future funding of supported housing limits our ability to plan. We're working with our residents to improve the value for money of our service charges and with partners to help evidence the work we do, and the more expensive interventions we help to prevent.

'Benchmarking meetings are an opportunity to meet up with similar organisations, and discuss the different approaches that organisations are adapting to cope with the sector changes.'

JOHN DELAHUNTY, CHIEF EXECUTIVE, INNISFREE

Innisfree Housing Association provides housing and related services for 538 homes. Its primary mission is to address the needs of the Irish community. The association also contributes to research, campaigns and policy development to support the needs of BME communities throughout London.

In common with other housing associations, Innisfree took a careful look at our Business Plan in the summer of 2015. The housing crisis meant we had already identified development of new homes as key and wanted to check how changes in the external environment would affect our ability to deliver this. We modelled the effect of the 1% rent reduction through our business plan, being careful to maintain planned levels of stock investment, and found that with some cost efficiencies, we could achieve our development targets. As important was the strong affirmation of our original mission as an organisation set up to meet the needs of the Irish emigrant community in London and our experience of welcoming new migrants.

For our 2016-17 budget, to maintain our overall target of gross margin at 32%, we identified efficiencies in staffing costs, reducing it to below 21% of turnover. We targeted rent income as a key area for improved performance, moving it away from our generic housing officer role and converting a vacant post into a specialist rent income officer. A subsequent Internal Audit review of this area identified evidence of the much improved support we provide residents, as well as good collection rates.

With a group of a dozen other BME Housing landlords, we have started some collaborative work around procurement and learning and development, as well as developing a new employment offer for our residents. We have continued to focus on providing a highly personalised service to our tenants as this is simply the way we operate.

Dadson Court – development by English Rural HA

Performance Comparison & improvement

Here we provide an insight into the overall performance of SPBM members for the year April 2015 to March 2016 in a number of key areas with two sets of data being provided for each activity:

1. The median performance of all organisations submitting data to SPBM (referred to as 'SPBM') and the median performance of all organisations submitting data to HouseMark (referred to as 'All Providers')
2. Year on year performance data indicating the direction of travel in performance among SPBM members.

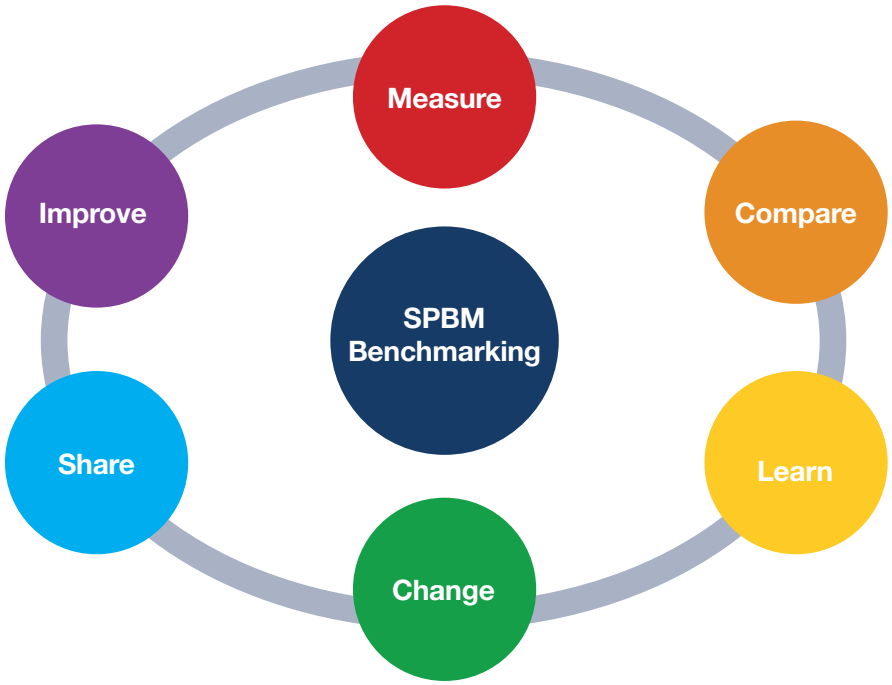
In doing so, we use a traffic light system indicating whether the median for SPBM members is higher, lower or the same as the median for all providers, and trend arrows indicating whether performance among SPBM members has improved, declined or stayed the same.

The year on year trend is based on data from SPBM members who submitted figures for both 2014/15 and 2015/16. Using a **balanced panel** in this way ensures that trend comparisons are robust and not adversely affected by changes in

the sample between years. This means than the SPBM overall medians given for 2015/16 may differ slightly from the medians used for the same year in the trend analysis.

HouseMark data are median values drawn from HouseMark Core and Priority Performance Benchmarking (PPB), based on data from around 450 providers of all sizes not including data from SPBM. In the sections on resident satisfaction the HouseMark data are based on the HouseMark standard STAR methodology.

All SPBM and HouseMark comparisons are based on identically defined performance indicators.



Voids and lettings

The performance of SPBM members on rent loss from voids and average re-let times during 2015/16 compares favourably with that of all providers, with SPBM members reporting shorter void times and lower void losses for general needs and sheltered housing, but slightly higher void losses for supported housing.

Typically, void losses map closely to void times and this is reflected in the year-on-year figures. For general needs and sheltered properties, void losses and void times have reduced since last year. There have been slight increases in void losses and void times for supported housing properties.

> **‘Reports are easy to understand and can be tailor made to address issues as they arise.’**

	All Providers	SPBM	
Percentage of rent lost due to void properties (GN)	0.77	0.41	●
Percentage of rent lost due to void properties (HfOP)	1.69	0.93	●
Percentage of rent lost due to void properties (Supported)	4.45	4.76	●
Average re-let time in days (GN)	24.70	21.90	●
Average re-let time in days (HfOP)	32.80	26.50	●
Average re-let time in days (Supported)	29.60	28.00	●

	2014/5	2015/6	
Percentage of rent lost due to void properties (GN)	0.50	0.40	↑
Percentage of rent lost due to void properties (HfOP)	1.11	0.85	↑
Percentage of rent lost due to void properties (Supported)	3.67	3.73	↓
Average re-let time in days (GN)	22.50	21.35	↑
Average re-let time in days (HfOP)	24.08	24.00	↑
Average re-let time in days (Supported)	21.00	28.36	↓

Rent collection and arrears

The average performance of SPBM members on rent collection for general needs housing was marginally above that of all providers, while for HfOP and supported housing it was slightly lower.

Rent collection figures are significantly impacted by the housing benefit payment cycle so for benchmarking purposes and comparing between organisations we focus more on arrears.

General needs and HfOP arrears were lower for SPBM members than all providers. For supported housing SPBM members have higher average arrears than all providers.

SPBM members' arrears have fallen for all housing types since last year.

"I like the fact that these reports give [us] the ability to compare performance with similar organisation. They are in an understandable and logical format."

	All Providers	SPBM	
Rent collected as a percentage of rent owed (GN)	99.60	100.00	●
Rent collected as a percentage of rent owed (HfOP)	99.80	99.70	●
Rent collected as a percentage of rent owed (Supported)	99.13	96.60	●
Current tenant arrears (GN)	3.58	2.58	●
Current tenant arrears (Supported)	3.34	5.51	●
Current tenant arrears (HfOP)	1.42	0.59	●

	2014/15	2015-16	
Rent collected as a percentage of rent owed (GN)	99.66	100.06	↑
Rent collected as a percentage of rent owed (HfOP)	99.30	99.67	↑
Rent collected as a percentage of rent owed (Supported)	95.99	94.53	↓
Current tenant arrears (GN)	3.00	2.60	↑
Current tenant arrears (Supported)	6.00	5.37	↑
Current tenant arrears (HfOP)	0.94	0.52	↑

Repairs and maintenance

SPBM members' average performance was higher than all providers for average end-to-end time and resident satisfaction with completed repairs. SPBM members' performance was lower than all providers for the percentage of repairs completed on the first visit.

The median performance of SPBM members and all providers on gas safety checks was identical.

Since last year performance has fallen for the percentage of repairs completed within target time, repairs completed on the first visit, average end-to-end time for repair completion and resident satisfaction. Performance across the other two indicators (emergency repairs completed within target and percentage of properties with a valid gas safety certificate) has remained the same. All data are for general needs housing, supported housing and housing for older people combined.

	All Providers	SPBM	
Percentage of emergency repairs completed within target	N/A[3]	100	
Percentage of all reactive repairs completed within target	N/A	97	
Average end-to-end time for all reactive repairs	9.00	6.60	●
Percentage of repairs completed at first visit	92.66	90.20	●
Percentage of residents satisfied with most recent repair (from repair completion survey)	94.60	97.00	●
Percentage of dwellings with a valid gas safety certificate	100	100	●

	2014/15	2015-16	
Percentage of emergency repairs completed within target	100.00	100.00	⇔
Percentage of all reactive repairs completed within target	97.82	97.18	↓
Average end-to-end time for all reactive repairs	6.10	6.24	↓
Percentage of repairs completed at first visit	95.00	92.57	↓
Percentage of residents satisfied with most recent repair (from repair completion survey)	97.00	96.63	↓
Percentage of dwellings with a valid gas safety certificate	100.00	100.00	⇔

'Meetings are a good place to inform, challenge and bring back good practice to my organisation.'

[3] HouseMark have stopped using PIs to measure repairs completion against target times and switched to more customer focussed indicators such as average end-to-end times, completion on the first visit, appointments kept and customer satisfaction.

Resident satisfaction – General Needs

SPBM members reported high levels of satisfaction again this year, with an average of 91% satisfaction with overall service and similarly high levels of satisfaction with quality of home (89%) and neighbourhood as a place to live (90%). Satisfaction was slightly lower with repairs service and value for money (VFM) provided by rent (both 87%) and considerably lower for listening to tenants' views and acting on them (78%) and VFM of service charges (77%).

Compared with all providers, SPBM members reported higher levels of satisfaction among general needs residents across all seven STAR core satisfaction measures.

Over the past year performance on overall satisfaction and VFM of rent has remained the same while satisfaction with quality of home, VFM of service charges, repairs service and listening and acting on tenants' views has improved. Over the same period performance on satisfaction with neighbourhood has fallen.

	All Providers	SPBM	
Satisfaction with the overall service provided by their landlord	86	91	●
Satisfaction with the overall quality of the home	84	89	●
Satisfaction with the neighbourhood as a place to live	86	90	●
Satisfaction with the value for money of rent	82	87	●
Satisfaction with the value for money of service charges	71	77	●
Satisfaction with the repairs and maintenance service	80	87	●
Satisfaction that landlord listens to / acts upon tenants' views	69	78	●

	2014/15	2015-16	
Satisfaction with the overall service provided by their landlord	91	91	↔
Satisfaction with the overall quality of the home	88	89	↑
Satisfaction with the neighbourhood as a place to live	90	89	↓
Satisfaction with the value for money of rent	85	85	↔
Satisfaction with the value for money of service charges	69	74	↑
Satisfaction with the repairs and maintenance service	86	87	↑
Satisfaction that landlord listens to / acts upon tenants' views	74	78	↑

Resident satisfaction – Housing for Older People

SPBM members reported very high levels of overall satisfaction for Housing for Older People with an average 95% satisfied with services overall and similarly high average ratings for the 'quality of home' (96%) and 'neighbourhood as a place to live' (95%). Ratings were also high for 'repairs and maintenance' and VFM rent (both 92%). The average for VFM service charges was 90% while 'landlord listens to views and acts upon them' was lower (84%).

Compared with all providers SPBM members reported higher levels of satisfaction among housing for older people residents across all seven STAR core satisfaction measures, achieving ratings between two and nine percentage points higher.

Since last year average performance has improved in the area of value for money for the service charge and fallen for repairs and listening to tenants' views. Average performance in the other four core areas has remained the same.

	All Providers	SPBM	
Satisfaction with the overall service provided by their landlord	91	95	●
Satisfaction with the overall quality of the home	94	96	●
Satisfaction with the neighbourhood as a place to live	92	95	●
Satisfaction with the value for money of rent	88	92	●
Satisfaction with the value for money of service charges	81	90	●
Satisfaction with the repairs and maintenance service	88	92	●
Satisfaction that landlord listens to / acts upon tenants' views	75	84	●

	2014/15	2015-16	
Satisfaction with the overall service provided by their landlord	95	95	↔
Satisfaction with the overall quality of the home	97	97	↔
Satisfaction with the neighbourhood as a place to live	96	96	↔
Satisfaction with the value for money of rent	93	93	↔
Satisfaction with the value for money of service charges	87	88	↑
Satisfaction with the repairs and maintenance service	94	92	↓
Satisfaction that landlord listens to / acts upon tenants' views	83	82	↓

Resident satisfaction – Supported Housing

SPBM members reported high levels of overall satisfaction for Supported Housing tenants, with an average 90% satisfied with services overall and high average ratings for 'quality of home' and 'neighbourhood as a place to live' (88% and 87%). VFM rent and service charges were 88% and 82% respectively, while for 'repairs and maintenance' the average rating was 85%. The average for 'landlord listens to views and acts upon them' was lower (77%).

Compared with all providers SPBM members reported higher levels of satisfaction among supported housing residents for five out of seven satisfaction measures. For 'quality of home' it was four percentage points lower and satisfaction with neighbourhood was the same.

Since last year average performance has fallen by three percentage points with satisfaction overall, and between one and four points for five of the other core measures. Performance has improved for 'listens to / acts on views'.

	All Providers	SPBM	
Satisfaction with the overall service provided by their landlord	89	90	●
Satisfaction with the overall quality of the home	92	88	●
Satisfaction with the neighbourhood as a place to live	87	87	●
Satisfaction with the value for money of rent	82	88	●
Satisfaction with the value for money of service charges	78	82	●
Satisfaction with the repairs and maintenance service	84	85	●
Satisfaction that landlord listens to / acts upon tenants' views	75	77	●

	2014/15	2015/16	
Satisfaction with the overall service provided by their landlord	93	90	↓
Satisfaction with the overall quality of the home	91	87	↓
Satisfaction with the neighbourhood as a place to live	94	91	↓
Satisfaction with the value for money of rent	91	90	↓
Satisfaction with the value for money of service charges	85	83	↓
Satisfaction with the repairs and maintenance service	92	89	↓
Satisfaction that landlord listens to / acts upon tenants' views	79	81	↑

Staff engagement

SPBM members reported that on average they lost fewer working days to sickness absence than larger providers. SPBM members are losing more days to sickness absence than they did during the previous year.

	All Providers	SPBM	
Average number of working days lost due to sickness absence	9.06	6.10	●

	2014/15	2015/16	
Average number of working days lost due to sickness absence	5.73	6.60	↓

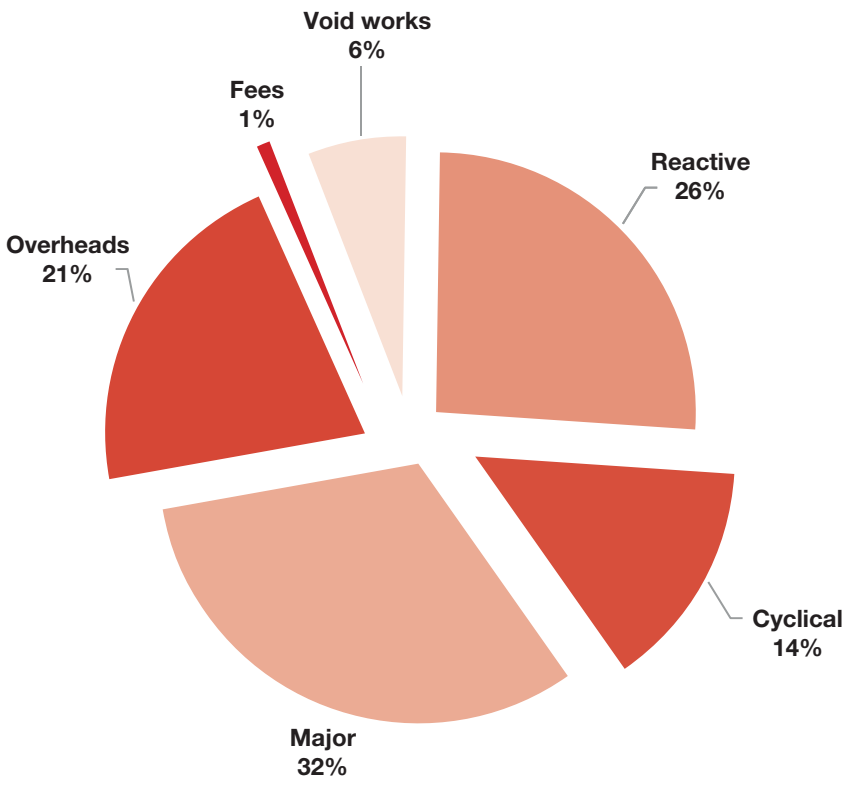
Repairs & Maintenance expenditure

These costs are taken from management accounts and the exercise is designed to enable SPBM members to compare repairs and maintenance spending in a meaningful way.

The average weekly spend per property in 2015/16 was £33.74, or 35% of rent.

This is one of many cost comparison exercises that we carry out with SPBM members.

Repairs spending per property per week (national SPBM median)

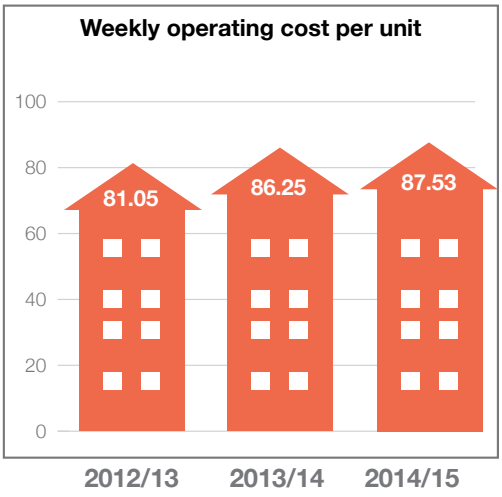


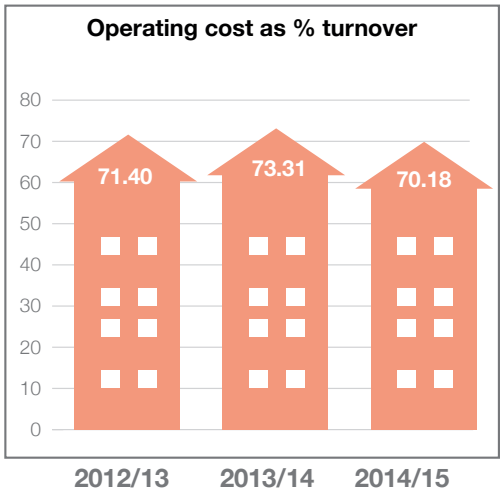
Costs & Investment

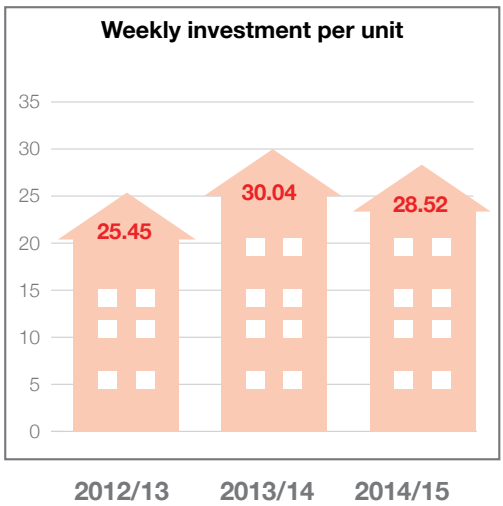
Operating costs per unit of SPBM members have increased year-on-year for the past three years. However operating costs have fallen as a percentage of turnover in the past year. Weekly management costs per dwelling have also increased while weekly investment per unit has fallen.

It should be noted that these cost figures are useful only for year-on-year comparisons. The data is taken from statutory accounts and, as each organisation will prepare its accounts differently, the figures are not useful for comparisons between organisations.

	2013/14	2014/15	2015/16
Weekly Operating Cost per unit	**81.05**	**82.65**	**87.53**
Operating costs as a percentage of turnover	**71.40**	**73.31**	**70.18**
Average weekly cost per dwelling on management	**18.05**	**19.42**	**19.73**
Weekly investment per unit	**25.45**	**30.04**	**28.52**







New VFM / Cost measures

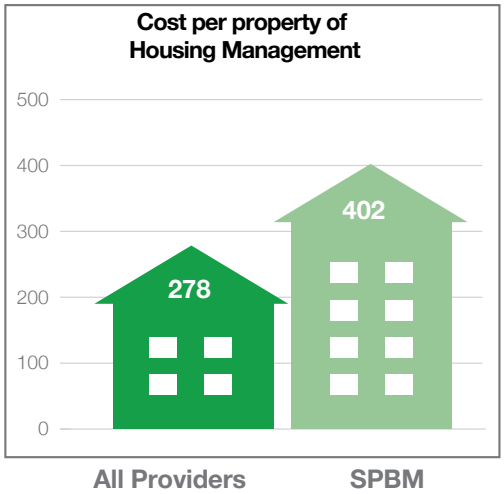
These new cost PIs have been developed with HouseMark to enable sector comparisons and are more robust than those derived from the statutory accounts because they require members to apportion costs to a consistent methodology. These metrics are derived from members' analysis of their management accounts, following clear guidance and definitions from HouseMark.

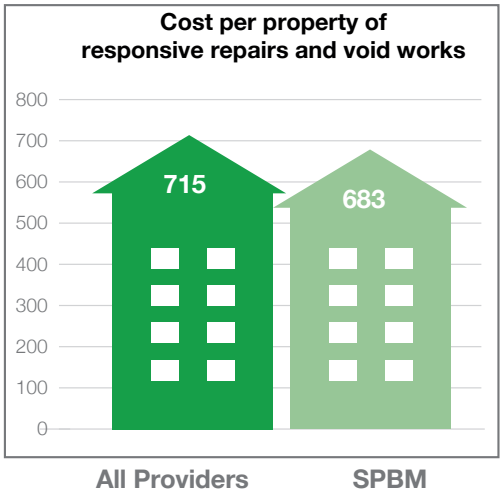
We consider this to be a pilot year for the PIs as:

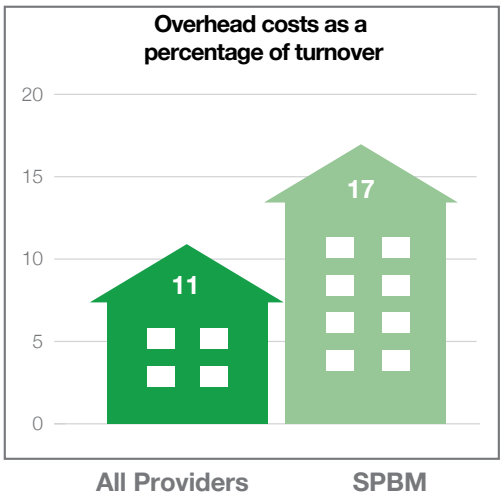
- the sample is still relatively small at this stage as members consider opting in
- members are still familiarising themselves with the definitions

Compared with all providers SPBM members reported higher average cost per property of Housing Management and higher overheads as a percentage of turnover. SPBM members cost per property of responsive repairs, voids, major and cyclical works were lower than the average for all providers.

	All Providers	SPBM	
Cost per property of Housing Management	278	402	●
Cost per property of responsive repairs and void works	715	683	●
Cost per property - Major and cyclical works	1,487	869	●
Overhead costs as a percentage of turnover	11	17	●







SPBM Salaries survey 2016

53 landlords took part this year in our seventh annual survey of the salaries, terms and conditions at smaller housing providers. This is one of the annual benchmarking projects that we run and is available free to members.

Participants own and / or manage 80 to over 1,000 homes. In total, they own and/or manage 28,362 homes across eight English regions and employ over 2,000 staff.

Main findings

Staff turnover: Average staff turnover was 13%, slightly higher (+1%) than 2015.

Salaries costs: Total salaries costs are 22% of financial turnover on average, the same as last year.

For general needs providers, salaries costs are 19% of turnover on average.

Salary increases: The average salary increase was 1.2%, lower than last year (2%). 88% of respondents reported an increase in salaries at the last review compared with 89% in 2015.

Median salary: The average salary across all jobs / participants was £33,660, 7% lower than last year (£36,420).

CEO salaries: The average salary for Chief Executives was £68,900, 4.2% higher than last year (£66,000).

Staff numbers: General needs providers employ on average 2.19 FTE staff per 100 properties.

Pensions: The average cost of pensions to employers (including past deficit) was 9.5% of the total salaries bill, slightly higher than in 2015 (8.95%). On average 60% of staff participate in pension schemes.

Pension contributions: On average employers contribute 8.4% of salary. Employees contribute 6.1%.

Overtime & bonuses: 21% of organisations pay overtime. 15% pay bonuses.

Sickness benefits: 63% of organisations offer enhanced sickness absence entitlements.

Training & development budgets: Organisations spent on average £24.25 per FTE member of staff, compared with £51 the previous year.

Other benefits packages: Most organisations (98%) said they provide a range of other benefits as part of their staff reward packages with the most frequent benefits being provision of an appraisal scheme, time off in lieu (TOIL), payment of professional fees, provision of study time and flexi-time.

Boards & Board remuneration: The average Board has 9 Board members. One in five organisations remunerate Board members (19%).

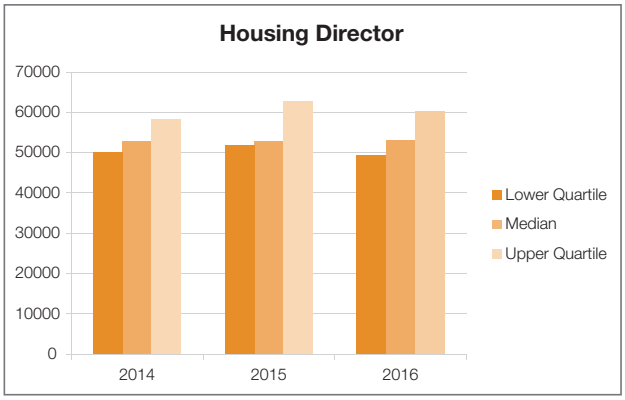
In addition to total salaries costs, average salaries, job role salaries and salary increases, our 2016 report provides a wealth of detail on the reward packages provided by participating organisations - pensions, bonuses, overtime, leave and a range of other entitlements and allowances.

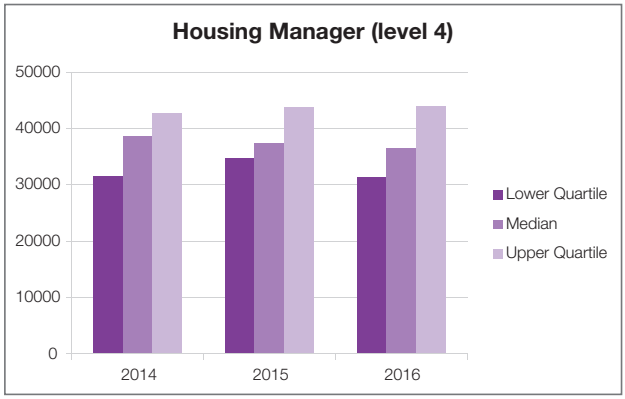
Salaries for key roles[4]

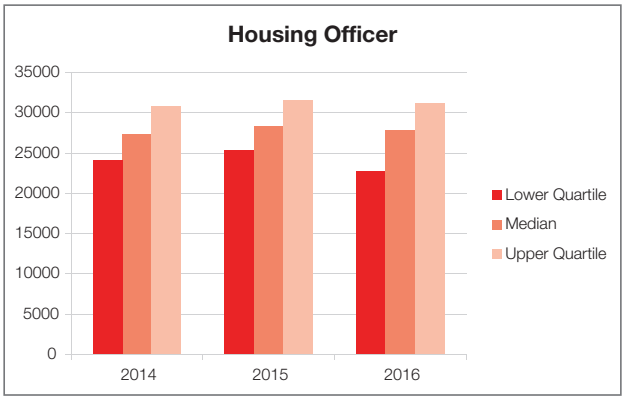
Housing Management

The median salary for a Housing Director was £52.5K, 4.1% lower than in 2015. Over the same period the median salary for a Housing Manager or equivalent role has decreased by 2.1% to £36.7K. The median salary for a Housing Officer or equivalent role has decreased by 1.1% to £27.8K.

	No. job roles	Lower quartile £000's	Median £000's	Upper quartile £000's
Housing Director	**18**	**49.6**	**52.5**	**60.0**
Housing Manager	**22**	**31.5**	**36.7**	**44.3**
Housing Officer and equivalent	**56**	**22.9**	**27.8**	**30.9**







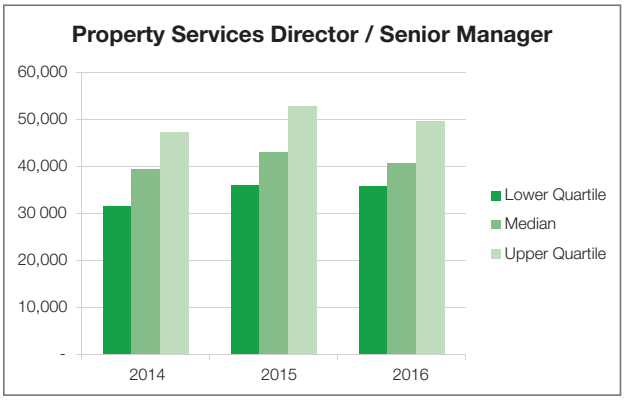
> **We have used data to play an important role in helping set the salary review for the coming year. I have also used it to help with job revaluations. The fact that we get raw data is very helpful as it allows me to filter by meaningful comparators.**

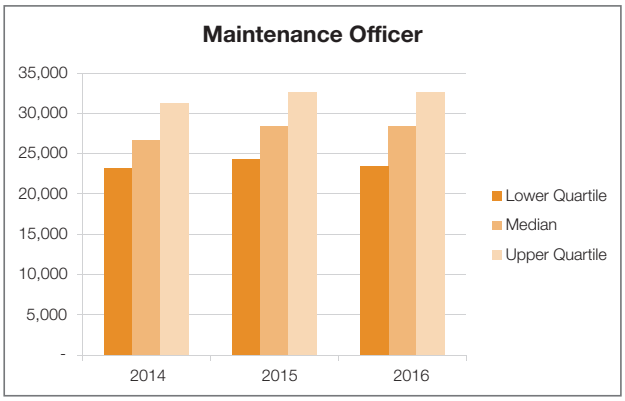
[4] Year-on-year comparisons are based on the sample from each year and NOT on a balanced panel. The full report includes a more detailed breakdown and analysis.

Property Services and Maintenance

The median salary for a Property Services Director or equivalent role was £40.6K, a 5.5% decrease since the 2015 survey. Over the same period, the median salary for a Maintenance Officer or equivalent role has decreased by 0.5% to £28.2.

	No. job roles	Lower quartile £000's	Median £000's	Upper quartile £000's
Senior Manager and equivalent	**23**	**35.5**	**40.6**	**49.3**
Officer and equivalent	**52**	**23.3**	**28.2**	**32.1**

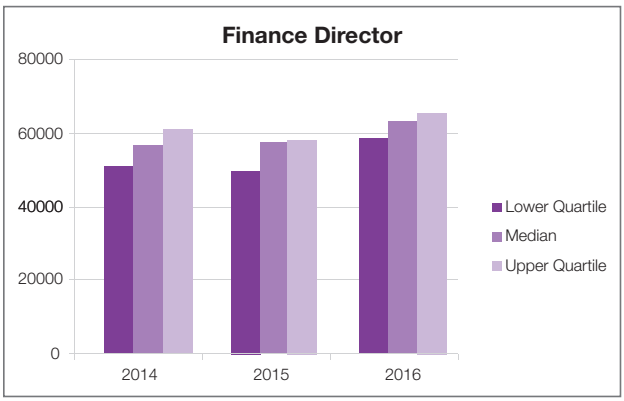


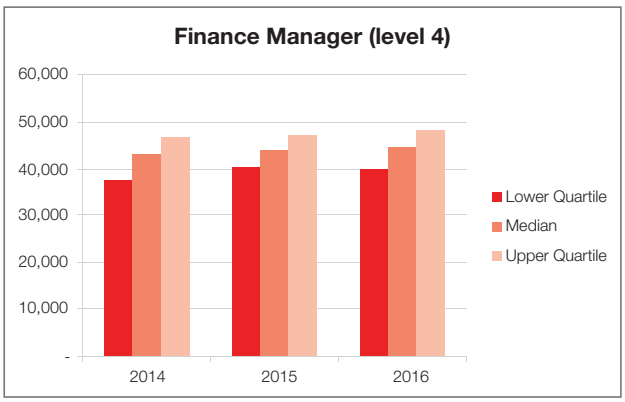


Finance

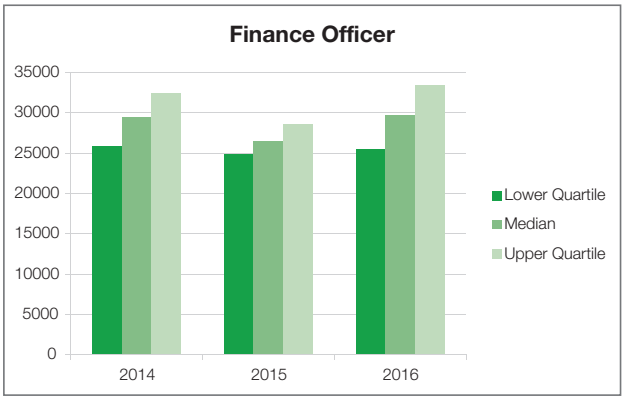
The median salary for a Finance Director was £63K, a 9.9% increase since the 2015 survey. Over the same period, the median salary for a Finance Manager or equivalent role has increased by 1.3% to £44.3K. The median salary for a Finance Officer was £29.7K, 12.4% higher than in 2015.

	No. job roles	Lower quartile £000's	Median £000's	Upper quartile £000's
Finance Director	**15**	**57.8**	**63.0**	**65.6**
Finance Manager and equivalent	**24**	**39.8**	**44.3**	**48.0**
Finance Officer	**25**	**25.5**	**29.7**	**33.3**





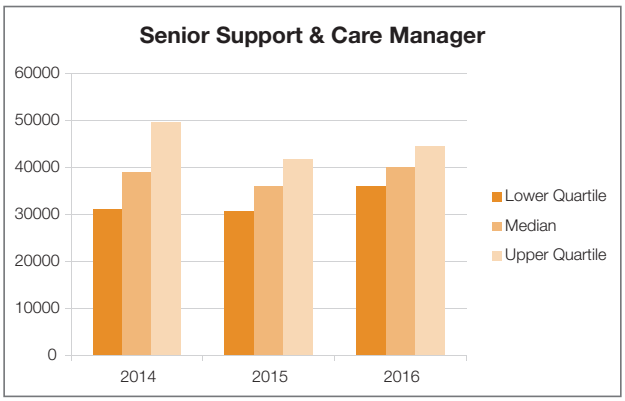
> **Count us in for next years salary survey - well worth the effort!**

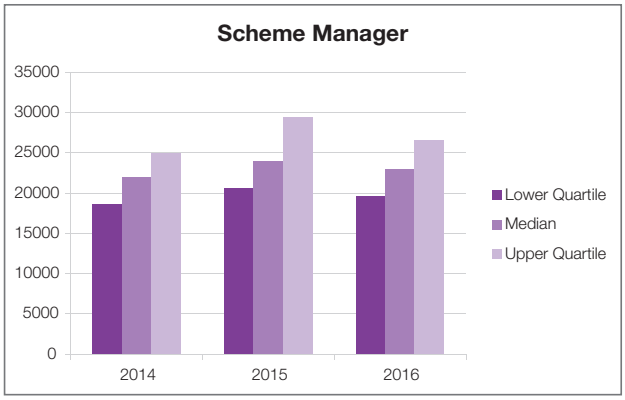


Support & Care

The median salary for Senior Support and Care Managers was £40K, 11% higher than last year. The median salary for a Support Worker or Scheme Manager role was £23K, 4.6% lower than last year. Please note that some Scheme Manager posts have accommodation provided and full comparative data may be found in our report.

	No. job roles	Lower quartile £000's	Median £000's	Upper quartile £000's
Support Services Manager	**11**	**36.0**	**40.0**	**44.3**
Scheme Manager and equivalent	**27**	**19.7**	**23.0**	**26.5**





> **It will be very helpful in salary negotiations with our board. It answers so many of the questions they ask me about what other organisations do.**

Shaping services & reducing cost

Denise Raine explores how satisfaction data can help in the re-design of services.

For some time, those who operate the levers of power in Westminster and Whitehall have believed the sector can withstand the challenge of a rent cut, limited public funding and welfare reform whilst maintaining supply and service levels. They want both. The HCA has also made it clear that it will take a dim view of those who simply let their surpluses, service levels and development and improvement plans take the strain in preference to pursuing real efficiencies. Where such disinvestment cuts across the organisation's mission, it might amount to a failure of governance and a downgrade.

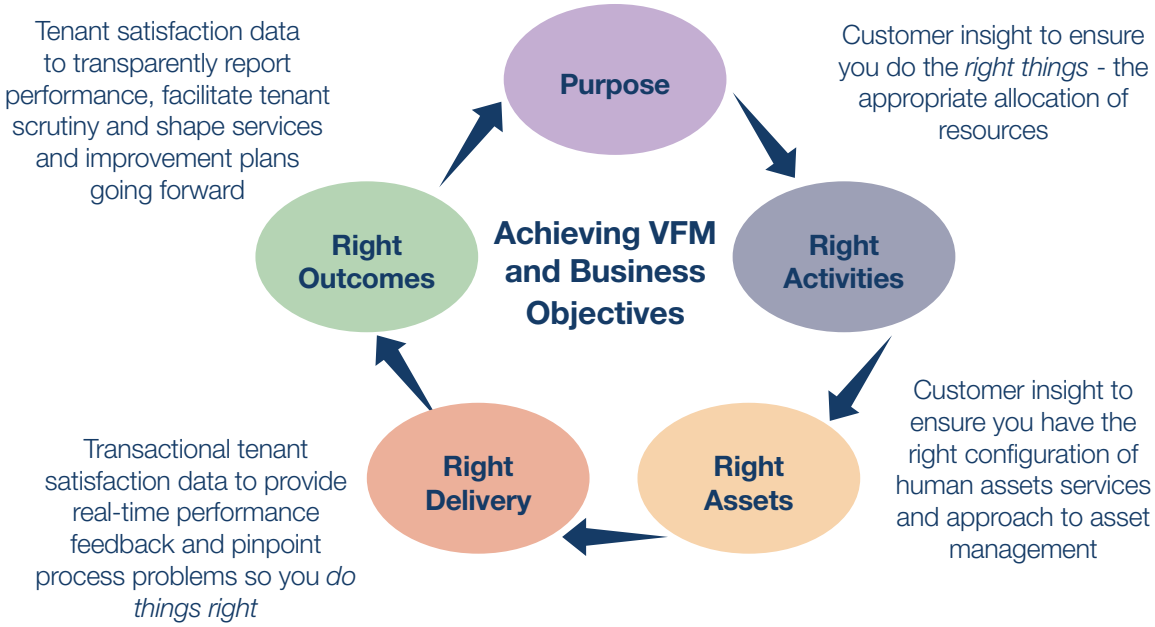
On the other hand, considered disinvestment and reallocation of resources, with organisational objectives firmly at the fore, and founded on sound intelligence and an understanding of trade-offs and consequences, is likely to suggest sound governance. The 're-imagining of housing services': the determination of the right balance between a good, caring service and unintentionally contributing to dependence has started in earnest and is played out in the media in the usual binary fashion: 'gold-plated' versus 'cheap and nasty' services. The truth is out there, and as always, lies somewhere in-between. Intelligence, in every sense, is the answer. In my experience, smaller housing associations are passionate about their purpose and want to deliver as much value as possible.

So what's this got to do with tenant satisfaction? It provides the business intelligence referred to above:

- satisfaction results enable you to understand the customer experience and how well services are performing (effectiveness). It helps you 'do things right' by pinpointing where you need to improve performance (efficiency), avoid wasting money (economy) on activity that isn't valued and set targets based on what your peers or the best can deliver
- increasingly, satisfaction surveys have a customer insight component to better understand service user priorities, preferences and propensities. Such intelligence is vital in terms of designing valued services (effectiveness and economy again). There is no point in being efficient if you are not being effective by directing resources to 'the right things', i.e. delivering what's important to service users in the preferred format

Satisfied customers make good business sense – they are the most cost efficient in terms of lower use of services – it makes sense to get closer and understand what makes them "happy" or "rattles their cage".

Getting it right: the role of satisfaction and customer insight in achieving VFM and business objectives



Satisfaction data also provides accountability to customers and other stakeholders – the transparent communication of performance is essential to the credibility of organisations that place the service user at the heart of what they do. It is particularly important where service users, by virtue of their vulnerability or social marginalisation, might not be championed by others such as government, regulators or a hard-pressed voluntary sector. Such transparent communication provides the opportunity for challenge as well as involvement in shaping and improving the service offer. Transparency is a regulatory expectation – the HCA's analysis of VFM self-assessments submitted in 2015 suggests the sector still has some way to go on this.

In tough operating environments, business intelligence has a critical role to play in understanding the current state of play and determining an evidence-based course of action to move to a better place. Satisfaction surveys remain an essential component in completing the business intelligence picture, complementing customer insight and cost and performance data.

Contact Denise Raine for advice on how to design the right sort of customer research for your business. **Denise.Raine@arap.co.uk** or **01273 287114.**

SPBM benchmarking clubs

Thanks & acknowledgements

We would like to thank David Orr (National Housing Federation), Mandy Elliott, Richard Beevers, Angela Aldis, Mark Stuart, Graeme Foster, Mike Wilkins and John Delahunty for their contributions. We would also like to thank our colleagues at HouseMark (Paul Edwards, Jonathon Cox and Peter Griffiths) for their help with this report and throughout the year, Neale Brodie (One Digital), and all Chairs of the SPBM benchmarking groups. Last but not least special thanks to Ross Fraser, who retired as Chief Executive of HouseMark at the end of September, and who played a pivotal role in the development of the SPBM service and the HouseMark-Acuity partnership.

About Acuity

Acuity provides a wide range of consultancy services to help social housing providers improve services and engage with their residents. We specialise in supporting the performance benchmarking activities of smaller housing providers in partnership with HouseMark, and in customer / resident satisfaction measurement and insight. We work with staff, Board members and residents to support their learning and development needs.

Our philosophy is build relationships with clients that enable them to achieve performance and service improvements through access to e the highest quality information and learning experiences. Our services are highly flexible, and always carefully tailored to the requirements and budgets of our customers. We have been providing consultancy services to the social housing sector for over 18 years.

For further information visit **www.arap.co.uk**

You can contact us on **01273 287114** or **acuity@arap.co.uk**
Acuity Research & Practice Ltd, 61 Surrenden Crescent, Brighton, BN1 6WE

About HouseMark

HouseMark is the leading provider of business intelligence and value for money solutions to the social housing sector and is jointly owned by the Chartered Institute of Housing and the National Housing Federation; two not-for-profit organisations which reinvest their surpluses in the social housing sector.

For further information visit **www.housemark.co.uk**
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