

SPBM  
2011 Annual Report  
for Smaller Housing Providers

## Preface



I am delighted to have been asked to preface the first Skills & Projects Benchmarking (SPBM) report for smaller housing providers and I am particularly pleased that HouseMark has teamed up with Skills & Projects to make it possible. Until now smaller associations have had limited scope to compare their performance to similar organisations as well as see how they measure up against bigger providers.

Now, more than ever, it is imperative that all associations demonstrate their value, not simply as housing providers but in terms of enabling a better quality of life and as competent stewards of public investment. Smaller housing providers often punch above their weight. Their offering is unique – a direct consequence of having an intimate and responsive relationship with a defined client group. Personalisation and localism have been the hallmarks of their mode of operation before the terms became common currency. The difference is smaller associations can tell you what these words really mean.

The organisations taking part in SPBM do so voluntarily and the publication of this report demonstrates their shared commitment to continuous improvement and value for money. It also provides a valuable sector snapshot – objective, high quality data that helps us demonstrate the value smaller providers bring to their customers, the communities in which they operate and society as a whole.

The current environment is placing a significant strain on all social housing providers and their customers. The government's deficit reduction strategy and welfare reform will increase the demands placed on them. If providers are to remain faithful to their social purpose and deliver on their business objectives, they need to squeeze maximum value out of available resources.

This is where cost and performance benchmarking has a vital role to play as a business planning tool. It enables Boards to get to grips with value for money, pinpoint strengths and weaknesses, identify potential savings and make evidence-based decisions on resource allocation and improvement action. It is the starting point for doing the right things and doing them right.

**David Orr, Chief Executive, National Housing Federation**

## **Introduction**

### **Connecting, comparing, performing**

Smaller housing providers want to be better connected – to similar organisations and the rest of the social housing sector. You want to compare performance and learn from each other and from the best in class. You want to be open about your performance, demonstrate your contribution and improve what you do. These are the messages that we hear as you come together through membership of SPBM; what now can be reasonably described as a national network run for and directed by smaller housing providers.

### **Coming together in 2011**

The SPBM community has its origins in our work with London-based housing providers from the g320 group of smaller housing associations back in 2006. By 2010 the number of participants had grown to more than 40 organisations. Over the last year, that number has more than doubled. SPBM membership currently stands at 93 providers, owning/managing around 40,000 homes across eight regions, and coming together in 11 regional and specialist benchmarking clubs.

### **Nothing new?**

Of course, a number of smaller providers have been getting together to compare performance and learn from each other for many years. SPBM includes, for example, SolFed and the Solomon Project, both of which have been working together since the 1990s. The London BME, North West and South-West providers we work with were actively collaborating as groups before SPBM came along. By and large, however, this has been happening in isolation, and without wider recognition and support. What is new is the growing connectedness of smaller housing providers, not least through our partnership with HouseMark.

### **HouseMark: helping it happen**

It is no coincidence that SPBM has grown since we partnered with HouseMark in August 2010. HouseMark has, for some time, wanted to find an effective and affordable way to extend the benefits of its membership services to smaller providers. In order to do so, HouseMark needed to find a partner organisation that not only understood smaller providers but also had a similar set of values to its own – a commitment to working for, and with, the sector to improve performance, value for money and efficiency. HouseMark found these qualities in Skills & Projects – an organisation whose business is focused on working with smaller and specialist organisations.

Through this partnership, smaller providers have access to HouseMark's good practice database and performance indicator tracking service with the overall service being co-ordinated by Skills & Projects - who support local and regional benchmarking clubs for smaller organisations. Smaller providers can thus compare and learn from each other and from larger providers as well. Participants in SPBM automatically become HouseMark affiliate members. If they want to undertake 'in depth' cost and VFM benchmarking the option of full HouseMark membership is also available.

The partnership with Skills & Projects has enabled HouseMark to more fully realise their purpose as the housing sector's leading provider of performance improvement services and to truly serve the whole of social housing sector. The organisations who subscribe through SPBM have brought HouseMark's total membership to over 960. We expect this affiliate membership to grow significantly in the coming year.

### **2012 prospects**

We are very pleased to work with such a diverse and dynamic group of organisations, and over the next year we aim to improve our contribution to your work. We expect to connect you to an even greater number of smaller housing providers and we are determined to find a way to enable the 'smaller smalls' to participate. We also expect to see further growth in specialist benchmarking clubs and support the development of performance indicators relevant to their needs.

We will develop options for benchmarking satisfaction data and support the pursuit of cost savings, efficiency gains and VFM. We will further explore the connection between benchmarking, resident scrutiny, and all things co-regulation that SPBM members have already made. And finally, 2012 should see the emergence of a new good practice resource for and by smaller housing providers.

This is the first SPBM annual report for smaller housing providers. What SPBM becomes will essentially be determined by its members and where they want to go with our support. We look forward to serving the needs and aspirations of SPBM members over the next year, and to publishing the second annual report in November 2012.

**Mark Anderson & Tim Taylor, Skills & Projects**

## Looking ahead, scanning the environment

### HouseMark's Chief Executive Ross Fraser on the challenges and opportunities ahead for smaller providers



Perhaps the biggest opportunities in the new operating environment arise from the localism agenda. Most smaller providers are by definition local, so now is a good time for them to reassert their value to local authorities and the communities they serve. By stressing their accountability and understanding of local issues, smaller providers ought to gain competitive advantage over larger regional or national associations.

More specifically, they should benefit from stock rationalisation, which shows no sign of abating. This advantage will, however, be based on performance and effectiveness rather than financial strength with benchmarking playing a key role in evidencing these attributes – particularly as the regulator will no longer be publishing data on performance and smaller providers being beneath the radar of economic regulation.

Other aspects of the new operating environment are less favourable. With the move towards bigger and broader contracts, the supported housing environment is getting harder for all providers. In their pursuit of economies, commissioning authorities are attracted to providers who can squeeze their staff and back office costs in order to bid at reduced rates. They need to be reminded of the contribution that local specialist housing providers can make and the short-sightedness of losing this local provision. Again, however, smaller providers need to evidence their effectiveness if they are to make this point successfully.

For all providers, welfare benefit reform presents a major risk to future viability. This risk is acute for smaller providers as in the main they do not have the means of cross subsidising operations from reserves or other sources of income. And the significant minority of SPBM members who want to develop new homes will have to work hard to realise their aspirations. Being part of a consortium can mean a loss of control over process and product, whilst the affordable rent regime presents new risks in the shape of higher rents and increased exposure to debt. These are undoubtedly tough times. With vision, leadership and the right tools I am confident that smaller providers will continue to make a real difference to those they serve.

**Ross Fraser, Chief Executive, HouseMark**

## Performance comparison and improvement

While there is continued interest in the relationship between organisational size and efficiency and effectiveness, there has been no conclusive research into whether larger or smaller providers are better placed to deliver housing services. Here we make a modest contribution to that ongoing debate by looking at a number of key performance indicators and comparing the 2010/11 performance of SPBM members with that of larger housing providers. We also look at the direction of travel in performance by SPBM members between 2009/10 and 2010/11. Of course SPBM members are also active in comparing performance with each other on an ongoing basis.

These comparisons are a useful start. We will grow our contribution to the size / performance debate over the next year. Notably, we will look to enable members to make more detailed and useful cost comparisons with each other and evidence VFM. We will do so by working closely with SPBM members, keeping a watching brief on sector research and involving all that have something to contribute.

For each activity area below we first show the comparison with larger providers, followed by SPBM members' direction of travel. We have adopted accepted practice in terms of data presentation, i.e:

- traffic lights – green indicates that the median for smaller HAs is higher than the median for all providers, whilst red indicates the opposite
- trend arrows – an upward pointing arrow indicates an improvement on the previous year, horizontal indicates no change and downwards indicates a deterioration in performance

### Voids and lettings

	All providers	Smaller HAs	
Percentage of rent lost due to void properties	1.12	1.06	
Re-let times in days	24.5	25.7	

	2010	2011	
Percentage of rent lost due to void properties	0.97	1.06	
Re-let times in days	21.35	25.7	

## Rent collection and arrears

	All providers	Smaller HAs	
Rent collected as a percentage of rent owed	99.91	100.01	
Current tenant arrears	3.53	2.79	

	2010	2011	
Rent collected as a percentage of rent owed		100.01	
Current tenant arrears	3.1	2.79	

\* 2010 data not available due to change in definition

## Repairs and maintenance

	All providers	Smaller HAs	
Percentage of emergency repairs completed within target	98.99	100	
Percentage of ALL reactive repairs completed within target	97.56	97	
Percentage of dwellings with a valid gas safety certificate	99.90	100	
Percentage of repairs completed right first time	90.00	97.54	

	2010	2011	
Percentage of emergency repairs completed within target	99	100	
Percentage of ALL reactive repairs completed within target	97	97	
Percentage of dwellings with a valid gas safety certificate	100	100	
Percentage of repairs completed right first time	98.79	97.54	

## Resident satisfaction

	All providers	Smaller HAs	
Tenants satisfied that their views are taken into account	67.6	75.0	
Tenants satisfied with the landlord's services overall	85	90	
Tenants satisfied with repairs and maintenance	84.9	90	

	All providers	Smaller HAs	
Tenants satisfied that their views are taken into account	75.5	75.0	
Tenants satisfied with the landlord's services overall	90	90	
Tenants satisfied with repairs and maintenance	88	90	

## Staff engagement

	All providers	Smaller HAs	
Average number of working days lost due to sickness absence	8.26	6.13	

	2010	2011	
Average number of working days lost due to sickness absence	5.45	6.13	

### Notes on data sources:

Figures for 'Smaller HAs' are median values for SPBM organisations, based on performance data from around 80 providers. Figures for 'All providers' are median values for all organisations in the HouseMark National Club on HouseMark PI Tracking, based on data from around 550 providers of all sizes.

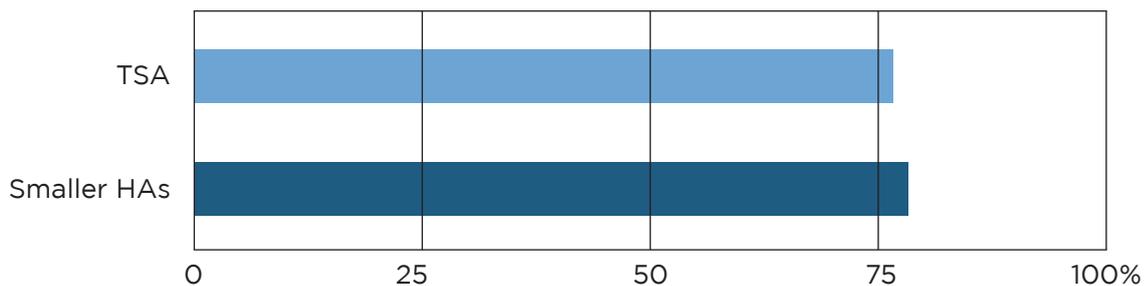
SPBM and HouseMark PI Tracking use identical data definitions and validation and the data above may be found in both systems.

## Costs and investment

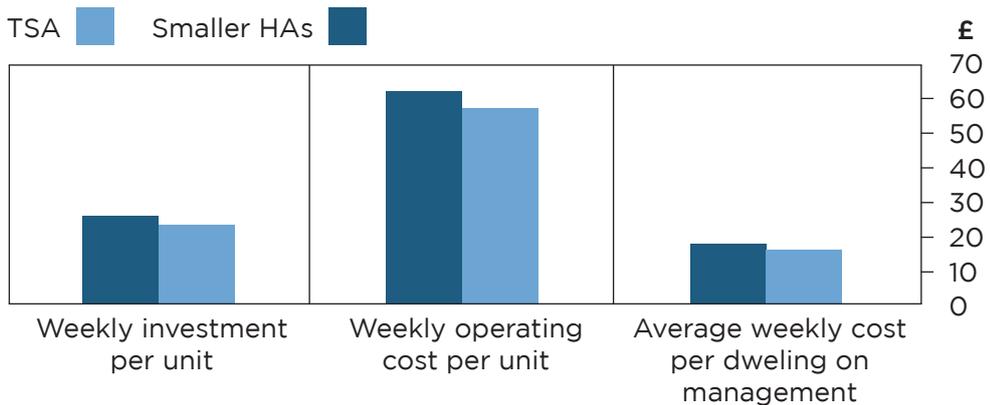
Clearly, to better understand VFM, the performance data covered in the previous section must be considered alongside the costs and the investment decisions of providers.

SPBM enables organisations to continue to benchmark their costs following the discontinuation, for smaller providers, of the regulatory requirement to submit such data to the TSA. The charts on this page show how TSA data (TSA Global Accounts, June 2011) for the sector as a whole compare with 81 SPBM organisations for the same period. These data are based on audited accounts and provide only a very high-level view. In the coming year we will be working closely with SPBM organisations to enable members to make more detailed and useful cost comparisons with each other and the rest of the sector.

### Operating costs as a percentage of turnover



### Weekly investment and costs per dwelling



Smaller HAs data in both charts from SPBM, using the same definition as RSR

## Smaller housing providers' salaries



When considering costs, salaries are a key issue and for this reason we have carried out an annual salaries survey for smaller housing providers for the last three years. There is a great deal of diversity in the sector and roles in smaller organisations are hard to pin down. We have worked closely

with SPBM members to design a system that captures all the relevant details. This year 37 organisations managing 80 to 1000 homes participated in the survey and we have recently published the 2011 report.

The report provides details on total salaries costs, average salaries, job role salaries and salary increases. It looks at the reward packages provided by the participating organisations including pensions, bonuses, overtime, leave, and a range of other entitlements and allowances. For the first time it also provides details on Board remuneration.

This year's survey revealed that:

- Salary increases ranged from 0% to 20% with a median of 2% (lower quartile 0%, upper quartile 3.23%)
- While no decreases in salaries were reported, ten organisations reported no increase at the last review
- The salaries paid to Chief Executives ranged from £45.8k to £89.4k with the median salary £60k (lower quartile £53.4k, upper quartile £66.4K)
- The average employer pension contributions ranged from 2.2% to 17.3% of annual salary with the median being 10%
- Participating organisations do not generally remunerate their Board members and they are not considering doing so in the future
- Expenditure on salaries as a percentage of financial turnover ranged from 12.49% to 69.46% with the median being 22.9% (lower quartile 15.9%, upper quartile 31.0%).

Along with a wealth of contextual data, the salaries report also provides an organisational profile for each of the participating providers and details of each of the 388 job roles submitted.

The salaries survey came about in response to demand from SPBM members and has evolved substantially over the last few years. We will be exploring where smaller providers want us to go with it next. It is available to all participating organisations without charge.

## SPGP: Good practice for and by smaller housing providers

One of the key tests of cost and performance benchmarking is that it should result in improvement. We have only just begun to explore what SPBM members are achieving from benchmarking with each other and the wider sector. The evidence to date is that smaller housing providers are creative and innovative.

Here is a taster of what SPBM members have shared with us so far:

- Joint working to support tenant scrutiny and collective procurement of the related training and development
- Saving time and money by adopting compatible approaches to resident satisfaction measurement
- Clubbing together to stage a first class conference attended by over 80 staff from 12 different organisations
- An average reduction of over 7% in annual insurance premiums with one member negotiating a 40% reduction
- The use of resident involvement impact assessments to understand and evidence the VFM of different types of activity
- A 36% reduction in annual gas service inspection costs - £20 less per property - on the back of comparing costs with others

SPBM members have access to HouseMark's good practice resources and housing news. The discussion forum puts members in touch with other housing professionals to seek advice and share innovations and successes. The combination of HouseMark resources with the growth of the SPBM network means smaller providers now have an opportunity to participate in the development of, and learning from, good practice within SPBM clubs, with smaller associations nationally and with the sector as a whole.

Skills & Projects is committed to facilitating the development of good practice amongst SPBM members and will work with HouseMark to ensure others can learn from it. At the moment, we are particularly interested in anything that demonstrates cost savings, efficiency gains and/or improved VFM. We are also very interested in all things satisfaction, engagement, scrutiny, self-assessment and co-regulation. But feel free to share with us anything you think might be of interest and value to others.

Do you have something to contribute? If so, contact us.

## News from the clubs

Here we provide an opportunity for SPBM benchmarking clubs to say a little bit about themselves, connect with each other, and help others identify whether a group might be appropriate for them to join.

### bm320

The bm320 is a self-selected group from the wider g320 group of London-based smaller housing providers. We were the first members of SPBM's benchmarking community, and over the last five years have grown to 14 member organisations. Our aim is to improve what we do through comparison and good practice. We meet to discuss good practice and recent relevant social housing issues including regulatory and legal developments. In 2010, we shared our first annual reports to tenants and usefully compared the different approaches. We have looked collectively at salaries, fire risk assessments, insurance costs and policies for writing off former tenant arrears. We meet face-to-face on a regular basis but also engage in performance comparison work outside the meetings.

### East of England

We are a newly formed group consisting of four small providers but are keen to increase our membership. We aim to provide excellent services whilst demonstrating VFM by sharing good practice and exploring opportunities to share services or fund initiatives in partnership with others. We believe that small providers have an important role to play in the region and punch above their weight, particularly in terms of tenant satisfaction.

### Housing for Older People

With older people's aspirations changing and difficulties with lettings and stock condition in sheltered housing, we have come together, with the support of Skills & Projects, to form a benchmarking group to meet these and other challenges. Since first meeting in May 2011, we have agreed our terms of reference and benchmarking indicators, and completed a performance report for 2009/10. We held a workshop on making studio flats attractive to potential residents and had good practice discussions on a number of service areas. Over the next year, topics will include delivering VFM, understanding and responding to the different needs of sheltered residents, involving residents in the management of their homes, maintenance services, and funding for support services.

### London BME

We are a group of seven BME-led London-based housing associations that had been meeting on an ad hoc basis for several years. We joined SPBM in 2011, not least to benefit from the co-ordination, facilitation and reporting services that we require to ensure we meet and compare performance on a regular basis.

## **North-West**

We consist of over 20 small housing providers. We aim to raise the profile of smaller providers across the region by demonstrating the important role we play in a diverse housing sector and the value of retaining the independence of individual members. Our group meets quarterly and enables members to exchange best practice and explore opportunities and challenges. We chose SPBM to collect and collate the key performance indicators agreed by our members and our first full benchmarking report was published in June 2011. The report suggests that smaller providers can match and often out-perform the services provided by larger organisations, particularly on tenant satisfaction. In the longer term we aim to forge links with other benchmarking groups across the country.

## **Offender Management**

Our small group was initially formed by the Chief Executives of a number of Christian based registered providers who had been meeting to exchange ideas. Each of the member organisations has a significant geographical spread of services and works with ex-offenders and other vulnerable groups, albeit to different extents. We asked Skills & Projects to support the group's benchmarking activities earlier this year and our first full benchmarking report was published in July 2011. We are keen to welcome other similar providers into the group.

## **SHAPE**

We are a South-East based benchmarking club with a membership of 13 smaller associations. SHAPE is an acronym for Smaller Housing Associations Pursuing Excellence and was formed in 1999. We collated performance information in-house until 2009 when group members recognised the benefits of having access to wider comparative datasets and signed up to SPBM. Our members have made extensive use of the performance indicator data to help us concentrate on the areas where we need to improve and also give context to the figures we include in our annual reports. We recently held our annual staff conference where workshop sessions focused on operational topics and all staff shared good practice. We want staff throughout our organisations to recognise not just where they do well now but who they can contact to help them do even better in future.

## **SoLFed**

The South London Federation of Small Housing Associations (SoLFed) is an alliance of five small housing associations operating in south-east London. It was set up to share skills and good practice, jointly commission services, carry out agency work for each other, undertake collective housing development, and pool property development skills. We give our members opportunities to reduce costs by negotiating cheaper maintenance contracts, improve services by sharing skills, increase efficiency by sharing good practice, and access some

of the advantages open to larger housing associations through economies of scale. Member organisations draw on a wider range of specialist skills than they could afford individually, but without losing their unique identities or the flexibility that comes from having a small, focused operation. We joined SPBM in 2010.

### **South-West**

SWBM is a benchmarking club for smaller associations operating in the South West of England. The original members of the group had a long history of working collaboratively and sharing good practice but there were practical issues for our smaller organisations in collecting and analysing data. Establishing the link with SPBM in 2007 has simplified the mechanics of data collection and analysis, allowing us to spend time determining how best to improve performance across a broad range of operational areas.

### **The Solomon Project**

Consisting of seven London-based smaller housing providers, our mission is 'a long term commitment to open sharing and co-operation for the benefit of tenants and other stakeholders'. We joined SPBM in 2009. The group's chief executives meet regularly as do a number of practitioner groups. We hold an annual staff conference, events for Board members, and shared training and tenant events. As well as sharing policies and good practice, we publish a joint annual report and respond collectively to consultation documents. We are developing our approach to joint procurement and service reviews, and arrange staff secondments between member organisations.

### **Yorkshire & Humberside**

Established in 2011, we currently have eight members: small housing associations and other housing-based organisations serving the Yorkshire and Humber region. We aim to demonstrate the expertise and value of small, independent housing organisations and our ability to deliver excellent, customer-focused, VFM services. We work together to improve performance by sharing best practice and innovation, and by benchmarking within the club and against national and regional indicators. The club is facilitated by SPBM, who collect and collate the data agreed by our members. We received our first full benchmarking report in June 2011 and now meet quarterly to review our performance.

## **SPBM Benchmarking Clubs**

### **bm320**

Contact: Nevil Osborne, Keniston HA

### **East of England**

Contact: Craig Glasper, King Street Housing Society

### **Housing for Older People**

Contact: Hugh Wagstaff, Mount Green HA

### **London BME**

Contact: Aziz Rahim, North London Muslim HA

### **North-West**

Contact: George Evans, Eldonian Community Based HA

### **Offender Management**

Contact: Ken Brown, Langley House Trust

### **SHAPE**

Contact: Nigel Wood, Radcliffe Housing Society

### **SolFed**

Contact: Tony Withnell, Lambeth & Southwark HA

### **South-West**

Contact: Peter Moore, Cornwall Rural HA

### **The Solomon Project**

Contact: Leslie Laniyan, Shian HA

### **Yorkshire & Humberside**

Contact: Paul Roberts, York HA

## **Thanks & acknowledgements**

We would like to thank everyone who contributed to this report. Many are named in the report, many are not. We would especially like to thank David Orr (National Housing Federation), Ross Fraser and Sam McGrady (both HouseMark) and Steve Smedley (Yarrow Limited), and Andrew Drury (HATC).

## About Skills & Projects

Skills & Projects provide a wide range of consultancy services to help housing providers improve services and engage with their residents through an understanding of satisfaction, performance and profiling data. We specialise in supporting the benchmarking activities of smaller housing providers in partnership with HouseMark, and in customer / resident satisfaction measurement. Our services are highly flexible, and always carefully tailored to the requirements and budgets of our customers. Skills & Projects have been providing consultancy services to the social housing sector for 15 years.

For further information visit [www.skillsprojects.co.uk](http://www.skillsprojects.co.uk)

You can also call us on **0845 539 1963**.

Skills & Projects Ltd, 61 Surrenden Crescent, Brighton, BN1 6WE