



SPBM | 2019 Annual Report for Smaller Housing Providers



*Essential cost, performance,
satisfaction, salaries and
regulatory data for smaller
housing associations*

What's inside?

While comparative data remains at the heart of this annual report, we have continued to develop other sections as an opportunity for those we work with to share their thinking, highlight activities of interest to others and flag upcoming issues.

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SPBM Update 2019

SPBM benchmarking continues to help members to save money, share best practice, and meet the demands of the regulator, says Mark Anderson

Get the data you need and the support to make the most of it

It's my pleasant duty to bring good news to you again.

2019's data shows SPBM members in a positive light once more: you compare favourably with the rest of the social housing sector in key areas, and general trends in performance and costs are positive. Best of all, your resident satisfaction is particularly high: at a time when Government and regulatory focus is increasingly on customer metrics, that's great news.

As SPBM is driven by you, its members, we're delighted that the data demonstrates not only that you're doing a good job but that your residents appreciate it.

Our primary role is to provide data enabling Housing Associations (HAs) to see how costs and performance compare with others, and to understand what 'good' looks like (and sometimes 'average' or even 'poor'). Data also gives you something to share with lenders, potential partners and other stakeholders to demonstrate that you're efficient, well-run and all the other desirable attributes.

At the heart of this data collection and analysis are our benchmarking clubs (details on page 29): each year every group reviews the metrics it collects against the operating environment, dropping measures that are no longer useful and adopting new ones. This year, for example, we have simplified ways of comparing volumes of repairs and re-lets and some clubs have introduced new metrics designed to measure (and therefore predict) the impact of Universal Credit.

The benchmarking clubs also provide the opportunity to turn data into action, using it to spark conversations, start new projects and drive improvement.

Collaboration, joint working and one-off projects

SPBM members are increasingly interested in the opportunities provided by the network for collaboration and saving time and resources. We collate information at club level on projects that members are undertaking in the next year or two where there may be opportunities for joint working. This can lead to small-scale

collaborations, such as sharing resources on a policy rewrite, or to more significant joint-procurement projects.

Discussions at club meetings often spark one-off projects and collaborative working which at one end of the scale could be very simple cost comparisons, which are quick and easy but can lead to significant savings. At the other end of the scale these can be more complex projects such as benchmarking processes and procedures.

Whether the projects are small or large, if two or three associations are undertaking the same piece of work it makes sense to share the load. Most clubs now have a standing agenda item to identify these opportunities.

Who earns what?

Once again one of our larger benchmarking projects during the year was our national comparison of salaries and rewards at smaller providers (page 25). The average salary increase last year was 2.23%. For smaller HAs, staff costs are typically 17 – 21% of turnover.

“These exercises are beneficial in ensuring that we are receiving value for money. They enable us to have more confidence when negotiating contracts and pricing. Acuity has over time covered most areas.”

What else do we do with your data?

Value for Money

The Value for Money (VFM) standard requires registered providers to report a selection of metrics to the regulator and SPBM makes that easy for members. Not only do we collect the prescribed VFM metrics, we provide the required benchmarking data in the annual club reports in June, significantly earlier than is available from other sources.

“Benchmarking meetings are an excellent way to network and to discuss housing management issues.”

What is SPBM?

Smaller Providers Benchmarking (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 140 members owning/managing over 72,000 homes across eight English regions, with an average stock size of 329.

SPBM provides performance and cost benchmarking data for our members, enabling them to compare against a peer group of similar organisations facing similar challenges. This data is used by staff, Boards and residents to provide a context for their organisation's performance and inform decision making.

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

“The ... thing I really like about the reports is their flexibility and the chance to use different comparators”

We have provided additional VFM support for some customers, in some cases advising on the selection of metrics to measure the value of an organisation in a way that meets the regulator's requirements.

We have worked with some members to create their VFM policy and with others to create a toolkit or framework to deliver it.

The Sector Scorecard

We also support the Housing Association-led initiative the Sector Scorecard, collecting data for smaller landlords.



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

The key to successful benchmarking is consistently defining cost and performance measures, and we continue to enjoy great support from HouseMark colleagues as the sector gets to grips with the Regulator for Social Housing's new VFM metrics.

The relationship also brings great benefits for SPBM members: we include HouseMark data in our reports, so members can compare performance against the wider sector using shared, clearly defined, standard performance indicators.

What's next?

Our members – you - will continue to drive the SPBM agenda.

This means we are likely to do more of the same: benchmarking performance, costs and processes, and supporting members through networking and sharing of good practice in the most cost-effective way possible.

As facilitator of this national network we have a unique role, and will explore the development of new collaborations, services, workshops and events to respond to your needs, including our very popular annual conference. We will continue to work with the Regulator and the Sector Scorecard advisory group to ensure that we provide high quality definitions and help to members.

And of course we will keep looking for ways to improve and adapt what we already do, to help our members meet the challenges of the operating environment

“The diversity of providers involved and the discussion at meetings on the benchmarking data helped me to report to the Board on how the Co-op's own data compares and what lessons can be learnt from this information. There is also much more work and learning that can be achieved.”

“The quality of the reports we received together with benchmarked comparisons was welcomed by both our staff and Board.”

and to support you in every way possible so you can provide the best service for tenants. We'll also continue to keep you up-to-date through emails and our website's news and blogs. We are excited to be introducing a new online benchmarking dashboard that will make it even easier for members to run their own bespoke reports, just select your peer-group, year(s) and selection of metrics to generate a VFM timeline and charts. We are delighted that members love our service and always give us good feedback on our annual report. We hope you'll feel the same way about it this year.



Mark Anderson,
Director
Acuity Research & Practice



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

“We look at the benchmarking figures and identify areas where some associations do better than others. It's very useful to learn from people in a similar position and see whether they're doing something different to help you improve your service.”



Think the unthinkable: risk, resilience and stress testing

We know risk management is important but what does 'good' look like for smaller associations? Ensuring resilience should be about establishing a golden thread that links your objectives to appropriate stress testing, the establishment of rules and triggers and on to mitigation. Andy Roskell reflects on the latest sector practice

Thinking about the future is one thing: trying to predict it is entirely different.

Yet that is what the Regulator of Social Housing (RSH) expects of every housing association - and as well-run social businesses, something they should be doing anyway. Every business needs to properly consider the impact of events on them, whether good or bad. Planning your response to those events is even more important.

This is where risk management, stress testing and resilience planning come together. To ensure resilience, you must:

- start with your objectives and identify risks which may prevent you achieving them.
- stress/scenario test those potential risks and create rules and triggers so you'll know if you're getting anywhere near them
- agree a series of mitigations you can deploy should the worst happen.

Put like that, perhaps it's not so daunting after all.

Why is resilience planning important?

Stress testing and thinking about the future have become the norm for housing associations, largely driven by the move to improve the resilience of banks and financial institutions after the 2007/8 financial crisis. They became a regulatory requirement for our sector in 2015 and the RSH's Governance and Viability Standard states registered providers are expected to:

- Have in place an appropriate, robust and prudent business planning, risk and control framework and
- Carry out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and put appropriate mitigation strategies in place as a result.

Wisely, the regulator resisted calls to be prescriptive about the tests it wanted, taking the view that what was appropriate for a provider in the South East wasn't necessarily right for a stock transfer association in the Midlands. We are a diverse sector, and therefore resilience activity needs to be tailored accordingly and use a deep knowledge of each business and its potential challenges.

Good businesses should be doing this anyway: attempting to please the regulator is the wrong starting point. Remember that the board must be fully engaged in the stress testing and mitigations process. It is not acceptable to leave it to the executive.

How to build a resilient organisation

1. Getting started

Key tools for resilience planning are four basic documents, of which you should already have three:

- The risk register needs to look inside and outside your organisation (horizon scanning the effects of politics, policy and economics), at risks which might apply to all or most of the housing association world (the RSH's Sector Risk Profile is a useful resource), and at risks which take account of your specific circumstances and your business activities. Your board needs to own and monitor the register, keeping an eye also on any emerging risks.
- Your corporate plan should set out your strategic objectives
- You should also have an associated business/financial plan and an assets and liabilities register.

2. Test your resilience

Using these, you should develop a series of tests which reflect known internal and external risks. Your tests are likely to include all or some of the following:

- Brexit impact (which could include falls in sterling, rises in labour costs, access to labour, failures in supply chains, inflation, increase in poverty and customers' ability to pay etc.)
- House prices/sales – market downturn
- Increased debt cost
- 'Counterparty risk' (contractor failure)
- Rent decreases/freeze after 2020
- Pension cost increases
- Repairs/development cost increases

3. Break your business plan

It's important to use tests that are relevant to your business, and that by combining tests, you really challenge (break) the business plan. When considering the impact on the financial plan, you should focus on assessing the following variables:

- Net Present Value (NPV)
- Maximum gearing
- Maximum interest cover
- Maximum EBITDA-MRI cash cover
- Peak debt
- Impairment capacity
- Liquidity

So, having created your tests and applied them, you now understand what it would take to 'break' the business.

4. Building your response

So what would you do if any of these things happened?

This is about mitigations, and it requires you to develop credible plans to address risks and impacts.

Mitigations must be relevant to your business, practical (deployable) and up to date (not obsolete). You also need to be clear how long actions can take to mobilise, and the estimated financial gain from each – this helps you prioritise possible solutions.

Typically, associations will consider a limited number of 'big ticket' items, such as:

- Management costs (overheads, staff costs, office costs, services)

Crash your housing association

Three examples of stress tests to use separately and combined:

➤ Housing Association 1

- Property market crash 20% (North) as base assumption. Increased incrementally until a point of business failure is reached
- From point of crash – no sales for 3 years (assuming crash of 11 years). End of Year 3, sales return, but at 80% of pre-crash value. 2.5% market value improvement is modelled each year until values return to 100% by end of Year 11. (Note: more prudent than last crash)
- Tenure switches from outright sale to affordable products, including Shared Ownership, are modelled. Shared Ownership reduces exposure to outright sale, but ties up more capital/reduces forecast sale proceeds

➤ Housing association 2

- Bad debts, arrears and voids doubled
- From 2020 rent increases at CPI rather than CPI plus 1%
- Planned efficiency savings deliver only one third of expected benefits
- Regulatory downgrade leads to re-pricing of current low-cost loans. These increase to either 5% (fixed) or 3% above LIBOR
- LIBOR increases versus base plan of 1% (2020/21), 2% (2021/22) and 3% thereafter
- 25% reduction in new models of care (supported) income

➤ Housing association 3

- Bank of England's stress testing formula, with an overlaid assumption on the future rent policy for general needs homes:
- Inflation rising to 5%
- UK residential property prices falling by 33%
- UK commercial properties falling by 40%, causing fair value loss on investment property
- Unemployment rate at 9.5% - causing a rise in bad debts and voids
- Bank rate – average over one to three years at 3.25%

- Development programme (ceasing any uncommitted development)
- Stock condition projections (non-deferrable spend)
- Treasury (cheaper longer term funding)
- Stock disposals / rationalisation

Most importantly, the board needs to lead the discussion on mitigations, to have that ‘difficult conversation’ about what you would or would not do, now, so that you aren’t arguing about it should a real emergency situation occur.

Finally, bring all this planning together in a resilience statement which gives both the Board and the RSH assurance on your

resilience plan. Once developed, these are regularly updated and reported to boards.

Resilience statements include rules and triggers and how these will be monitored and reported. They also set out an agreed approach to manage the process when an ‘event’ occurs, or is predicted to occur; this helps to give structure and confidence to staff and the board if an adverse ‘event’ materialises.

And finally...

Yes, predicting the future is impossible. But taking risk management and stress testing seriously should improve the likelihood of having one!

The role of the board

This is critical to both business success and to regulatory compliance. Boards need to:

- Actively engage
- Steer/direct, but also delegate
- Understand risks and mitigations
- Direct the tests and make a judgement on mitigations
- Monitor and review projections
- Gain assurance - be in control



Andy Roskell is managing director of DTP, an independent consultancy providing management and financial consultancy to the housing sector.



Postcards to your staff: creating a values-driven culture

Anne Taylor is CEO at Thorngate Living, a Hampshire-based organisation delivering residential social care and housing services with 80 members of staff. During 2018 she created a values-driven culture, transforming the thinking and approach of colleagues. This is how she did it.

“Our journey to create a values-driven culture has been fascinating, and crucially has given us tangible results in staff satisfaction, performance management and retention, as well as influencing our recruitment process.

It’s not been without challenges – for instance, finding a way of bringing colleagues around to the same way of thinking when they work in teams on different shifts and rotas. But we thought it was important to do this.

What inspired us to become values-driven?

Two things came together: I heard about a domiciliary care organisation which had gone from Inadequate to Outstanding using values-based recruitment at about the same time as attending a session on research the NHS has done on what makes team leaders change their behaviour. I was really impressed by both of these, and it got me thinking how I could deal with my challenges of many part-time carers, domestic and kitchen staff and a CWC rating which clearly showed they weren’t where they needed to be.

How did we start?

The first step is to generate a set of values that colleagues feel represent them, which we did through workshops and comment sheets at our sites. People used nouns and adjectives to describe how we felt about our services (our residents), qualities we expect in ourselves, and teamwork. I combined these without adding or taking away (all reasonable answers) from the suggestions. The resulting values we came up with as an organisation delivering social care together are:

- We seek to improve lives through passionately promoting excellence in support, care and housing.

- We will each commit to take responsibility for our role in our teams encouraging, respecting and supporting each other.
- We strive to be transparent, approachable, listening to each other and acting with empathy and consistency
- We will respect and support everyone as individuals, treating residents and colleagues with dignity and compassion, and behaving professionally whatever our role.

Group sessions for everyone

The next stage was to run small group sessions with all our staff and subsequently with any new joiners, which had the immediate impact of helping us all to know each other better.

I ran these sessions myself – rather than using an external trainer, staff could see I understood the problems and we were all in it together.

I gave each participant a postcard addressed to them with our values on the front. We discussed how they were created, how people felt about them and whether they agreed with them (only one disagreed, and they have now left us!) What should we do about people who don’t live these values at work?

This is where it became really interesting. Some people felt that we may want to try to retrain people not living our values, but ultimately colleagues were quite clear that they didn’t want to work with others who did not share these values and we had very positive feedback.

I know how much many of my colleagues care deeply about their work, but I was inspired by strength of feeling about the importance they place on us all sharing these values. As a result, we use our values as a focus during recruitment, include them in our employment handbook and talk about them during performance reviews.

In the next part of the session, we move onto individual responsibility within teams and how each of us can display leadership regardless of our role. I have adapted some theory from the NHS Improvement Agency which I call the Leadership Jigsaw, and which shows that an individual in a team will change their behaviour (to better adhere to our values in this context) if four elements are present.

We talk through the elements to show how they can help others change their behaviour to be more closely aligned with the values culture we are creating.

Role
Modelling

I see colleagues and leaders behaving differently

There is a
compelling story

I understand what is being asked of me and I believe in the story

I will change
my behaviour if

Skills Required
for Change

I have the skills and knowledge to behave the right way

Process &
Mechanisms

I see that our structure and processes support me and back up what I need to do

- The first one is role modelling: for instance, if three out of four people are doing the right thing then it is likely the fourth will follow.
- The second is having a compelling story: in other words, what we are here to do. My favourite example is the story of President Kennedy meeting a cleaner at NASA. When asked what his role was the cleaner told Kennedy, he was “helping to put a man on the moon”. The cleaner understood his role in the ultimate mission. In our situation of helping vulnerable adults, this is quite easy for our colleagues because they are all close to our organisation’s mission of improving lives and they can see the benefit they make daily.
- The third component is skills and training. While it is the organisation’s responsibility to make both mandatory

and optional training available it is the individual’s responsibility to participate effectively and ensure they speak up if they do not have the skills needed or need help in a particular area.

- The fourth component is processes and mechanisms. This means being open, allowing people to come forward and be listened to when things are not right and avoiding being defensive or dismissive – whistleblowing, in other words. Leaders must appreciate that if there is not an open culture, accepting and learning from mistakes, the jigsaw will not fit together.

In this way, people understand quite clearly how all these things will work together to change behaviour and help to work towards a values culture.

In the last part of the session we return to individual responsibility and actions. We use a recent, independent, report on the organisation, such as a regulator's or consultant's report, and ask staff to write down the three specific things that most upset them when reading it. I look for things people really don't like reading about ourselves and our service.

We discuss them and I prompt gently if the things they have raised are not specific enough. Then I ask them to record what they personally will do about the things they have highlighted: it is important that these actions are specific and not too difficult. I then ask: which one will they do today or on their next shift? This personal commitment brings together each employee's commitment to the values, elements of behaviour change, the specific organisational context, and agreement to take action. To end the session, each participant writes their personal actions on the postcard I handed out. The idea is that they start their actions from their next shift – and to stop them forgetting I send the postcard to them three weeks later! Colleagues love this bit - they often come up to me and tell me they gave received the postcard, where they have pinned it up, and so on.

Our next phase has been aimed more at team leaders, covering the different between managers and leaders, bad management experiences and how that made them feel (and what they learned from that), dealing with difficult people and more. We've also done some senior leaders' days looking at strategy, finance and employment law.

What else has a values-driven approach given us?

I've learned that an internal leader understands much better than an external trainer the problems our people face every day, and that has made me more confident about delivering training myself. The benefits in cohesion and delivery are even more positive than I had imagined, and you'll get to see the positive attributes of your own staff close up: I urge you to start your own values journey if you haven't yet done so.



Anne Taylor FCCA is the Chief Executive of Thorngate Churcher Trust. She is also a director of a social housing development consortium and a Leadership Fellow at St George's House, Windsor Castle. You can read more on her blog www.anne-taylor.com



“ I was inspired by the strength of feeling [colleagues] place on us all sharing these values.”



Performance comparison and improvement

➤ SPBM data provides smaller associations with a comparison between similar peers and the rest of the sector. The averages from 2018/19 on the following pages show that on the whole SPBM members compare favourably with the rest of the sector in key areas such as rent collection, arrears, voids and the cost and management of repairs

SPBM measures show a positive trend for costs, with Housing Management costs per property and Overheads as a percentage of turnover both down from the previous year, although the averages for both these measures are higher than for larger providers.

Overall tenant satisfaction with the services provided by SPBM members is high, reflecting the ratings awarded for key services, value for money and listening to residents' views.

The data in the following pages provide an insight into the overall performance of SPBM members for the year April 2018 to March 2019. Two sets of data are provided for each key 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 data indicating the direction of travel in performance among SPBM members.

We use a traffic light system to indicate whether the median for SPBM members is higher, lower or the same as the median for all providers, and trend arrows to indicate 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 2017/18 and 2018/19. 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 that the SPBM overall medians given for 2018/19 may differ slightly from the medians used for the same year in the trend analysis.



HouseMark data are median values drawn from HouseMark Cost, Performance and Sector Scorecard benchmarking submissions, based on data from around 450 providers of all sizes and 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.

| SPBM median / All providers | |
|-------------------------------------------------------------------------------------|--------|
|  | Worse |
|  | Same |
|  | Better |

| Year-on-Year | |
|---------------------------------------------------------------------------------------|----------|
|  | Improved |
|  | Same |
|  | Declined |

Voids and lettings

The performance of SPBM members on rent loss from voids and average re-let times during 2017/18 compares favourably with that of all providers, with SPBM members reporting shorter void times and lower void losses for general needs (GN), Housing for Older People (HfOP) and supported housing. Void losses have reduced for GN and supported housing properties year-on-year and increased slightly for HfOP. The average void time has fallen for GN but increased for HfOP and supported housing.

“ I like the fact that these reports give us the ability to compare their performance with other similar organisations. They are in an understandable and logical format.”

| | All Providers | SPBM | |
|------------------------------------------------------------|---------------|------|--|
| Percentage of rent lost due to void properties (GN) | 0.75 | 0.31 | |
| Percentage of rent lost due to void properties (HfOP) | 1.29 | 0.82 | |
| Percentage of rent lost due to void properties (Supported) | 3.79 | 3.49 | |
| Average re-let time in days (GN) | 19.6 | 18.7 | |
| Average re-let time in days (HfOP) | 29.85 | 21 | |
| Average re-let time in days (Supported) | 24.28 | 20.8 | |

| | 2017/18 | 2018/19 | |
|------------------------------------------------------------|---------|---------|--|
| Percentage of rent lost due to void properties (GN) | 0.35 | 0.31 | |
| Percentage of rent lost due to void properties (HfOP) | 0.81 | 0.83 | |
| Percentage of rent lost due to void properties (Supported) | 5.04 | 4.12 | |
| Average re-let time in days (GN) | 19.00 | 18.70 | |
| Average re-let time in days (HfOP) | 21.00 | 22.00 | |
| Average re-let time in days (Supported) | 16.20 | 20.10 | |

Rent collection and arrears

The average performance of SPBM members on rent collection was above that of all providers for GN properties, but lower for HfOP and supported housing. Rent collection figures are significantly affected by the housing benefit (HB) payment cycle, so for comparing between organisations we tend to focus more on arrears. We also use measures that exclude arrears caused by late HB payments, to give a more accurate comparison of performance. GN and HfOP arrears were lower for SPBM members than all providers. For supported housing, SPBM members have higher average arrears than all providers.

When we exclude arrears caused by late HB payments, SPBM members' arrears have fallen for GN and HfOP properties since last year.

| | All Providers | SPBM | |
|---------------------------------------------------------|---------------|--------|--|
| Rent collected as a percentage of rent owed (GN) | 100.10 | 100.12 | |
| Rent collected as a percentage of rent owed (HfOP) | 100.07 | 99.57 | |
| Rent collected as a percentage of rent owed (Supported) | 100.46 | 98.36 | |
| Current tenant arrears (GN) | 3.23 | 2.55 | |
| Current tenant arrears (HfOP) | 1.13 | 1.11 | |
| Current tenant arrears (Supported) | 2.58 | 3.30 | |
| Current tenant arrears net of unpaid HB (GN) | 2.59 | 1.7 | |
| Current tenant arrears net of unpaid HB (HfOP) | 0.51 | 0.16 | |

| | 2016/17 | 2017/18 | |
|---------------------------------------------------------|---------|---------|--|
| Rent collected as a percentage of rent owed (GN) | 100.08 | 100.12 | |
| Rent collected as a percentage of rent owed (HfOP) | 99.70 | 99.60 | |
| Rent collected as a percentage of rent owed (Supported) | 97.90 | 97.96 | |
| Current tenant arrears (GN) | 2.60 | 2.63 | |
| Current tenant arrears (HfOP) | 0.68 | 1.10 | |
| Current tenant arrears (Supported) | 4.26 | 3.83 | |
| Current tenant arrears net of unpaid HB (GN) | 1.70 | 1.35 | |
| Current tenant arrears net of unpaid HB (HfOP) | 0.92 | 0.21 | |

Repairs and maintenance

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

The median performance of SPBM members and all providers on gas safety checks was identical. Since last year performance has improved for the percentage of repairs completed within target time and repairs completed on the first visit. The average end-to-end time for repair completion has fallen. Performance across the other three indicators (emergency repairs completed within target, percentage of properties with a valid gas safety certificate and resident satisfaction) has remained at the same high levels. All data are for GN housing, supported housing and sheltered combined.

“I am very satisfied that Acuity facilitates a lot of data/learning for small providers.”

| | All Providers | SPBM | |
|-------------------------------------------------------------------------------------------|------------------|--------|---|
| Percentage of emergency repairs completed within target | N/A ¹ | 100.00 | |
| Percentage of all reactive repairs completed within target | N/A | 97.00 | |
| Average end-to-end time for all reactive repairs | 9.5 | 7.67 | ● |
| Percentage of repairs completed at first visit | 91.29 | 91.5 | ● |
| Percentage of residents satisfied with most recent repair (from repair completion survey) | 92.2 | 96.96 | ● |
| Percentage of dwellings with a valid gas safety certificate | 100 | 100 | ● |

| | 2017/18 | 2018/19 | |
|-------------------------------------------------------------------------------------------|---------|---------|---|
| Percentage of emergency repairs completed within target | 100.00 | 100.00 | ↔ |
| Percentage of all reactive repairs completed within target | 97.00 | 97.10 | ↑ |
| Average end-to-end time for all reactive repairs | 7.12 | 7.33 | ↓ |
| Percentage of repairs completed at first visit | 94.28 | 92.20 | ↓ |
| Percentage of residents satisfied with most recent repair (from repair completion survey) | 97.00 | 97.00 | ↔ |
| Percentage of dwellings with a valid gas safety certificate | 100.00 | 100.00 | ↔ |

➤ ¹HouseMark has discontinued this metric

Resident satisfaction – General Needs

SPBM members reported high levels of satisfaction, with an average of 92% satisfaction with overall service and similarly high levels of satisfaction with quality of home, neighbourhood as a place to live and value for money (VFM) of the rent (all 90%). Satisfaction was slightly lower with repairs (86%) and considerably lower for listening to tenants' views and acting on them (79%) and VFM of service charges (78%).

Compared with all providers, SPBM members reported higher levels of satisfaction among general needs residents across all seven STAR core satisfaction measures, with ratings between 5 and 11 percentage points higher.

Satisfaction with overall services and VFM of rent has remained static since last year but it has fallen by one or two percentage points for the other core measures.

| | All Providers | SPBM | |
|------------------------------------------------------------------|---------------|------|---|
| Satisfaction with the overall service provided by their landlord | 86 | 92 | ● |
| Satisfaction with the overall quality of the home | 84 | 90 | ● |
| Satisfaction with the neighbourhood as a place to live | 84 | 90 | ● |
| Satisfaction with the value for money of rent | 85 | 90 | ● |
| Satisfaction with the value for money of service charges | 67 | 78 | ● |
| Satisfaction with the repairs and maintenance service | 78 | 86 | ● |
| Satisfaction that landlord listens to / acts upon tenants' views | 71 | 79 | ● |

| | 2017/18 | 2018/19 | |
|------------------------------------------------------------------|---------|---------|---|
| Satisfaction with the overall service provided by their landlord | 93 | 93 | ↔ |
| Satisfaction with the overall quality of the home | 92 | 91 | ↓ |
| Satisfaction with the neighbourhood as a place to live | 92 | 91 | ↓ |
| Satisfaction with the value for money of rent | 91 | 91 | ↔ |
| Satisfaction with the value for money of service charges | 82 | 80 | ↓ |
| Satisfaction with the repairs and maintenance service | 87 | 86 | ↓ |
| Satisfaction that landlord listens to / acts upon tenants' views | 82 | 80 | ↓ |

Resident satisfaction – Housing for Older People

SPBM members reported very high levels of overall satisfaction for HfOP with an average 95% satisfied with services overall and similarly high average ratings for the ‘quality of home’ and ‘neighbourhood as a place to live’ (both 97%). Satisfaction ratings were also high for ‘repairs and maintenance’ and for VFM (92% to 95%). The average for ‘landlord listens to views and acts upon them’ was lower (89%).

Compared with all providers SPBM members reported higher levels of satisfaction among HfOP residents across all seven STAR core satisfaction measures, achieving ratings between three and fifteen percentage points higher. Since last year average performance for overall satisfaction has remained at the same high level while satisfaction with the quality of home and the neighbourhood has risen (both +1%). Average satisfaction with and repairs and VFM has remained constant while ‘listens and acts’ has increased by seven percentage points.

| | All Providers | SPBM | |
|------------------------------------------------------------------|---------------|------|---|
| Satisfaction with the overall service provided by their landlord | 89 | 95 | ● |
| Satisfaction with the overall quality of the home | 93 | 97 | ● |
| Satisfaction with the neighbourhood as a place to live | 92 | 97 | ● |
| Satisfaction with the value for money of rent | 89 | 95 | ● |
| Satisfaction with the value for money of service charges | 79 | 92 | ● |
| Satisfaction with the repairs and maintenance service | 85 | 95 | ● |
| Satisfaction that landlord listens to / acts upon tenants’ views | 74 | 89 | ● |








| | 2017/18 | 2018/19 | |
|------------------------------------------------------------------|---------|---------|---|
| Satisfaction with the overall service provided by their landlord | 97 | 97 | ↔ |
| Satisfaction with the overall quality of the home | 97 | 98 | ↑ |
| Satisfaction with the neighbourhood as a place to live | 96 | 97 | ↑ |
| Satisfaction with the value for money of rent | 96 | 96 | ↔ |
| Satisfaction with the value for money of service charges | 93 | 93 | ↔ |
| Satisfaction with the repairs and maintenance service | 95 | 95 | ↔ |
| Satisfaction that landlord listens to / acts upon tenants’ views | 84 | 91 | ↑ |








Resident satisfaction – Supported Housing

SPBM members reported high levels of overall satisfaction for Supported Housing tenants, with an average of 91% satisfied and high average ratings for 'quality of home' and 'neighbourhood as a place to live' (both 89%). VFM of rent and service charges were 85% and 83% respectively, while for 'repairs and maintenance' the average rating was also 85%. The average for 'landlord listens to views and acts upon them' was 84%.

Compared with all providers SPBM members reported levels of satisfaction between one and eight percentage points higher among supported housing residents for six of the measures. The exception was satisfaction with the quality of the home which was the same for SPBM members and all providers.

Since last year, average performance has remained the same with satisfaction overall, home, neighbourhood and VFM rent. Average satisfaction with repairs and maintenance and VFM of service charges have both risen by six percentage points while 'landlord listens to views and acts upon them' has fallen by 1%.

| | All Providers | SPBM | |
|------------------------------------------------------------------|---------------|------|---------------------------------------------------------------------------------------|
| Satisfaction with the overall service provided by their landlord | 90 | 91 |  |
| Satisfaction with the overall quality of the home | 89 | 89 |  |
| Satisfaction with the neighbourhood as a place to live | 84 | 89 |  |
| Satisfaction with the value for money of rent | 79 | 85 |  |
| Satisfaction with the value for money of service charges | 75 | 83 |  |
| Satisfaction with the repairs and maintenance service | 77 | 85 |  |
| Satisfaction that landlord listens to / acts upon tenants' views | 77 | 84 |  |

| | 2017/18 | 2018/19 | |
|------------------------------------------------------------------|---------|---------|---------------------------------------------------------------------------------------|
| Satisfaction with the overall service provided by their landlord | 92 | 92 |  |
| Satisfaction with the overall quality of the home | 90 | 90 |  |
| Satisfaction with the neighbourhood as a place to live | 90 | 90 |  |
| Satisfaction with the value for money of rent | 88 | 88 |  |
| Satisfaction with the value for money of service charges | 83 | 89 |  |
| Satisfaction with the repairs and maintenance service | 78 | 84 |  |
| Satisfaction that landlord listens to / acts upon tenants' views | 84 | 83 |  |

Staff engagement

SPBM members reported that on average they lost fewer working days to sickness absence than larger providers. Time lost to sickness absence is lower than the previous year.

| | All Providers | SPBM | |
|-------------------------------------------------------------|---------------|------|--|
| Average number of working days lost due to sickness absence | 8.92 | 4.27 | |

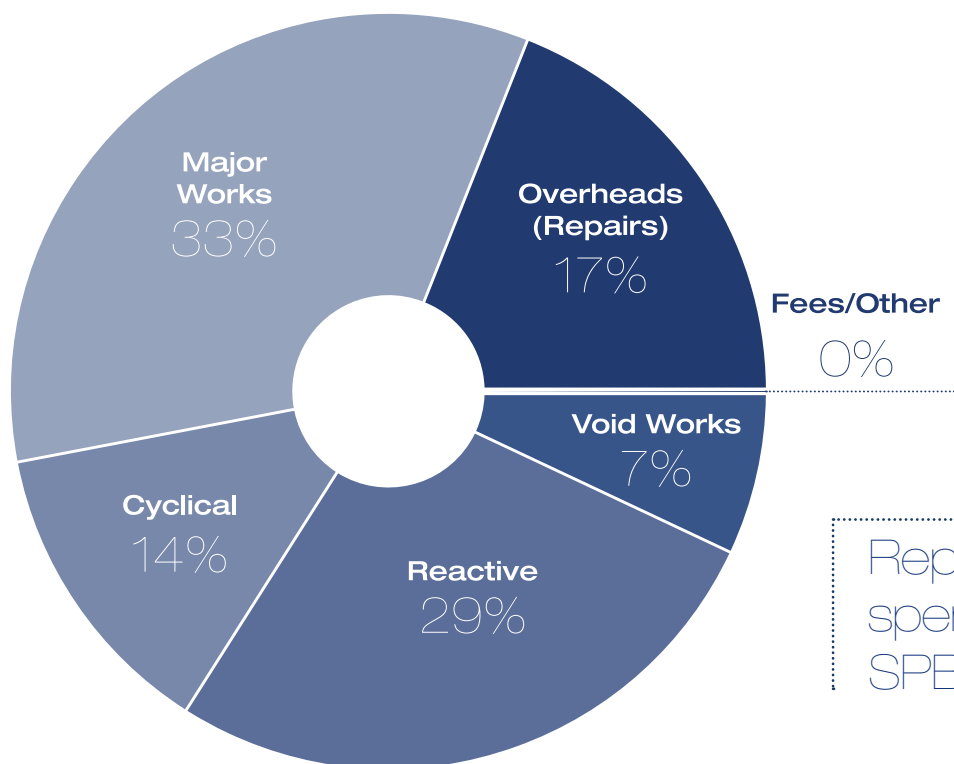
| | 2017/18 | 2018/19 | |
|-------------------------------------------------------------|---------|---------|--|
| Average number of working days lost due to sickness absence | 5.40 | 4.57 | |

Repairs and Maintenance expenditure

This exercise is designed to enable SPBM members to compare repairs and maintenance spending in a meaningful way and is one of many cost comparison exercises that we carry out with SPBM members. These costs are taken from management accounts.

The average weekly spend per property in 2018/19 was £29.39, or 30% of rent. This is lower than 2017/18 when the average was 31% of rent.

The chart below shows how that spend breaks down into the categories we use for benchmarking; with an average of 29% of repairs budgets going on reactive repairs and the rest going on major, cyclical, voids and overheads.



Repairs & maintenance spending (national SPBM medians)

VFM / Cost measures

These unit cost metrics 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 in accordance with a methodology more consistent than that associated with accounting practice. The cost per property measures are 'direct' and exclude overheads.

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 and void works and major and cyclical were lower than the average for all providers.

Since last year cost per property has reduced for housing management but increased for responsive repairs and void work and major and cyclical works. Overhead costs as a percentage of turnover has also risen over the same period.

NOTE: All data are for general needs housing, supported housing and housing for older people combined with one exception: the 'all provider' result for housing management excludes supported housing as HouseMark benchmarks this separately. Although the SPBM metric seeks to level the playing field by excluding the cost of direct support/care provision, it is likely to reflect higher costs associated with supported housing providers' treatment of scheme-based staff, specifically the split between housing management and support and care.

| | All Providers ² | SPBM | |
|--------------------------------------------------------|----------------------------|------|---|
| Cost per property of Housing Management | 278 | 430 | ● |
| Cost per property of responsive repairs and void works | 692 | 657 | ● |
| Cost per property - Major and cyclical works | 1293 | 895 | ● |
| Overhead costs as a percentage of turnover | 11.5 | 15.9 | ● |

| | 2017/18 | 2018/19 | |
|--------------------------------------------------------|---------|---------|---|
| Cost per property of Housing Management | 441 | 425 | ↑ |
| Cost per property of responsive repairs and void works | 623 | 665 | ↓ |
| Cost per property - Major and cyclical works | 866 | 877 | ↓ |
| Overhead costs as a percentage of turnover | 14.58 | 16.02 | ↓ |

“Focused the Board's attention on the areas where improvements are possible. This has kept the momentum going in areas where we are behind our sector.”

Regulator for Social Housing

In 2018 the Regulator for Social Housing (RSH) introduced the requirement that all regulated housing associations, big or small, must report in their accounts against the headline metrics below.

Arguably, these measures are as much to do with context as performance. The intention of the RSH is that they should serve as a starting point for associations to explore and demonstrate VFM, drawing on other data and evidence (such as that found in the rest of this report) to 'unpack' the headline position.

| | All Providers ³ | SPBM |
|-------------------------------------------------|----------------------------|---------|
| Operating margin (overall) | 27.2 | 22.07 |
| Operating margin (social housing lettings) | 29.22 | 23.27 |
| EBITDA MRI (as a percentage of interest) | 194 | 245 |
| Gearing (RSH and Scorecard measure) | 39 | 16.94 |
| New supply delivered (Social housing units) | 1.16 | 0 |
| New supply delivered (Non-social housing units) | 0 | 0 |
| Reinvestment % | 6.97 | 2.65 |
| Return on Capital Employed (ROCE) % | 3.6 | 2.81 |
| Headline social housing cost per unit | 3509 | 4438 |
| | 2017/18 | 2018/19 |
| Operating margin (overall) | 24.23 | 23.05 |
| Operating margin (social housing lettings) | 26.50 | 23.49 |
| EBITDA MRI (as a percentage of interest) | 302 | 242 |
| Gearing (RSH and Scorecard measure) | 19.92 | 17.14 |
| New supply delivered (Social housing units) | 0.00 | 0.00 |
| New supply delivered (Non-social housing units) | 0.00 | 0.00 |
| Reinvestment % | 4.24 | 2.74 |
| Return on Capital Employed (ROCE) % | 3.48 | 2.82 |
| Headline social housing cost per unit | 4303 | 4213 |

Satisfaction: it's not so simple

“National reporting would help all stakeholders better understand the state of the sector in terms of the customer experience as well as promote social housing and the value of what housing associations provide”

➤ Acuity Director Denise Raine has been part of “Capturing the customer voice”, HouseMark’s research into how social landlords are gathering and using resident feedback. Here she provides an update on the work so far.

Being part of the HouseMark 2019 review has been a really interesting exercise. There’s been an impressive response from the sector, with a steering group made up 11 different organisations, including Acuity, a 257-response sector survey, input from over 7000 residents plus telephone interviews and discussion groups.

By Christmas, the revised approach will be launched ready to become operational next April.

But the key message I take from it? Well, it’s complicated. There are no simple solutions, and no consensus out there. So, let’s unpick this a bit more.

Why review STAR?

There are lots of good reasons to take another look at how it works. They include massive sectoral changes in the five years since the last review, the impact of digital and diverging survey methodologies and new approaches to measuring the customer experience in other sectors.

There’s also the potential introduction of regulatory consumer metrics in the wake of Grenfell and the Green Paper which is seen as a means of improving landlord responsiveness and accountability. It’s likely that satisfaction will feature prominently. Personally, I’m frustrated by the lack of sector-wide data: national reporting would help all stakeholders better understand the state of the sector in terms of the customer experience as well as promoting social housing and the value of what housing associations provide.

What were the aims of the review?

The idea was to:

- Modernise the framework in line with best practice - the sector wants to be able to use data to drive improvements.
- Enable fair comparisons for tenants - a consistent and robust framework is required if tenants are to be able to hold their landlord to account
- Ensure any future regulatory metrics for England are as good as possible

Who said what?

Landlords were generally positive about perception surveys and would continue to undertake them, although not necessarily wedded to the STAR methodology. The review also highlighted a tension between the desire of some landlords for a tight methodology to enable trustworthy comparisons and those who want a greater degree of local flexibility to do what they want. This tension can lead to a lack of trust in STAR results where it is suspected that some associations are taking a relaxed approach to methodological consistency, for instance by using local transactional survey data, which of course, undermines comparisons.

Other observations include a concern that the voluntary nature of benchmarking (in the absence of national reporting) means that some landlords only publish if the scores are good, and that results need to be available quicker.

We also found some of the standard questions are less useful



than others and there is limited innovation in the kind of questions asked. Telephone surveys are now overtaking postal ones and landlords are increasingly deploying digital solutions to collect feedback. A pluralistic approach to harvesting data makes sense in terms of getting as much data as possible, but it tends to skew results, again undermining comparisons.

Tenants are intended to be the ultimate beneficiaries of STAR and other surveys, but the review has highlighted that they do not understand all of the questions and interpret their meaning differently. Furthermore, tenants seem to be more interested in tracking their landlord's improvement rather than making comparisons.

However, it's arguable that the availability of transparent comparable data over the past two decades has helped all stakeholders understand what good looks like and nudged many middling organisations forward.

What will the new framework look like?

At the time of writing, some of this is under wraps – including a possible new way of reporting the results. It looks as if the core question set will change but the current response scales are likely to remain the same.

How should associations respond?

- Find out what matters to your residents and what influences overall satisfaction: this informs the questions you ask of them.
- Services such as a good home, repairs and customer service are givens: do your customers want anything else?
- Incorporate elements of the new STAR framework when it's available: methodology and core and supporting questions
- Check out the STAR question library for the right mix of core and supporting questions for you
- Explore whether some of the new questions, originating from outside the sector, are appropriate for your tenants, for instance in terms of ease of resolving a repair or enquiry, the extent to which they trust your organisation, etc
- You can do an annual survey, but keep it short and relevant
- Maximise response rates by using a method favoured by tenants and demonstrating how survey insight has led to service changes in the past

- Evaluate the advantages/disadvantages of telephone surveys. Advantages include setting representative quotas, demonstrating you want to engage with residents, probing areas of dissatisfaction and speedily implementing customer recovery whilst disadvantages include expense and not being suitable for all tenant groups
- Try to run shorter surveys to avoid fatigue
- If you move to digital surveys, either online or by SMS, run a test pilot first
- Consider carrying out quarterly or six-month tracking surveys (Acuity can do this for you)
- Maximise use of open-ended questions. Though you need a high response rate for statistical reliability, one

comment can often provide real insight into service delivery

- Maximise customer recovery. One example could be to act quickly to address the minority of responses where dissatisfaction has been expressed

Want to know more?

I can always be contacted for an informal chat about how to develop a strategic programme to capture customer satisfaction feedback, measure performance and collect insightful data to drive service improvements.

I'll be at the annual conference if you want to catch me there, or otherwise get in touch via email and we can arrange a time to talk.



Denise Raine

is a Director of Acuity Ltd, and has specialised in tenant satisfaction and feedback research for more than 25 years. denise.raine@arap.co.uk





SPBM Salaries Survey 2019

Summary of 2019 findings

| | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff turnover: | Average staff turnover was 12%. |
| Salaries costs: | Total salaries costs are 21% of financial turnover on average. For general needs providers, salaries costs are 17% of turnover on average, the same as in 2018. |
| Salary increases: | The average salary increase was 2.23%, higher than the previous year when it was 2%. |
| Staff numbers: | General needs providers employ on average 2.3 FTE staff per 100 properties. |
| Pensions: | The average cost of pensions to employers (including past deficit) was 9% of the total salaries bill. |
| Pension contributions: | The average employer contribution is 8% of salary. The average employee contribution is 5%. On average 81.25% of staff participate in pension schemes. |
| Overtime & bonuses: | 19% of organisations pay overtime. 16% pay bonuses. |
| Sickness benefits: | 61% of organisations offer enhanced sickness absence entitlements. |
| Other benefits packages: | All organisations provide a range of other benefits as part of their staff reward packages with the most frequent benefits being an appraisal scheme, time off in lieu (TOIL), payment of professional fees, provision of study time, personal development planning (PDP) and flexi-time. |
| Training & development budgets: | Organisations spent on average £526 per FTE member of staff. |
| Boards & Board remuneration: | The average Board has 9 Board members. Just under a quarter of organisations remunerate the Chair or other Board members (24%). |

➤ Each year Acuity runs a survey comparing salaries, terms and conditions for smaller housing providers. This service is free for SPBM subscribers.

More than fifty smaller housing providers participated in 2019 and the feedback from participating organisations has been excellent. Participants receive a detailed report with a comparison and analysis of salaries and other benefits. The report was developed with considerable input from SPBM subscribers and is intended to help them and their Boards judge how the pay and rewards they offer compare with others.

Would you like to see the full detail underpinning these figures? If so, please contact Acuity about taking part in the 2020 survey.

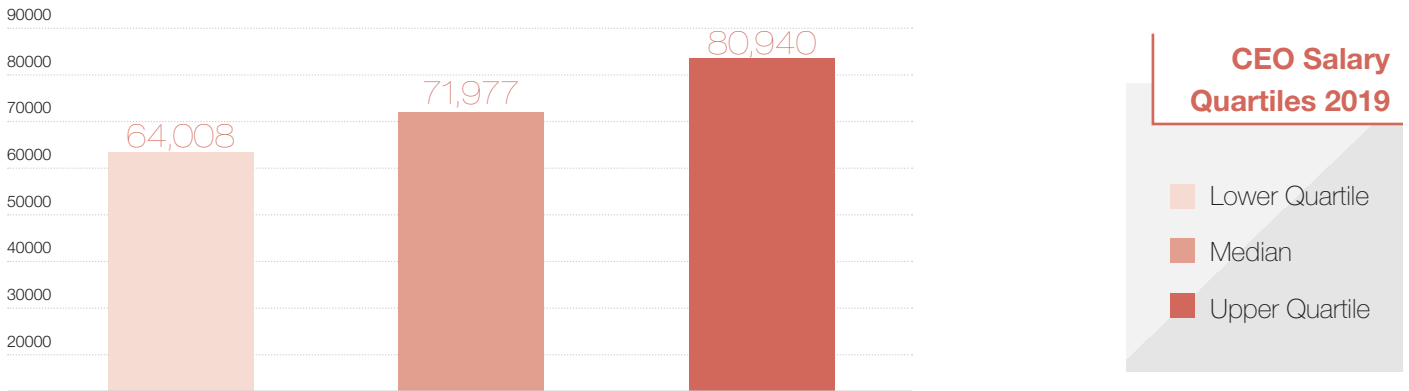
“Count us in for next year’s survey – well worth the effort!”

Salaries for key roles

Please note that the full report includes more detailed breakdown and analysis. Where we have included year-on-year comparisons they are based on the sample from each year and not on a balanced panel.

Chief executives' salaries

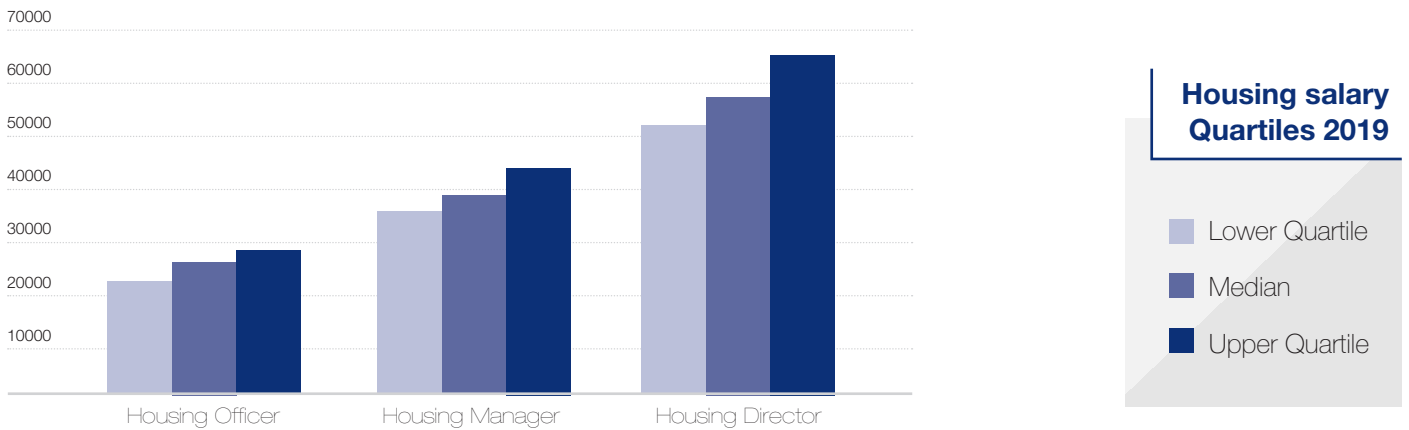
The average Chief Executive salary was £71,977



Housing Management salaries

The median salary for a Housing Director was £58,300. The median salary for a Housing Manager or equivalent Level 4² role was £40,400. The median salary for a Housing Officer or equivalent role was £26,900.

| | No. job roles | Lower quartile £000 | Median £000 | Upper quartile £000 |
|------------------------------------------|---------------|---------------------|-------------|---------------------|
| Housing Director | 17 | 53.1 | 58.3 | 65.9 |
| Housing Manager (Level 4) | 24 | 37.5 | 40.4 | 45.5 |
| Housing Officer and equivalent (Level 3) | 66 | 24.4 | 26.9 | 29.9 |



² The SPBM salaries survey uses a system of 'levels' to determine the role and responsibility of each post

Property Services and Maintenance salaries

The median salary for a Property Services Director or equivalent Level 4 role was £38,800 while for a Maintenance Officer or equivalent role it was £30,900.

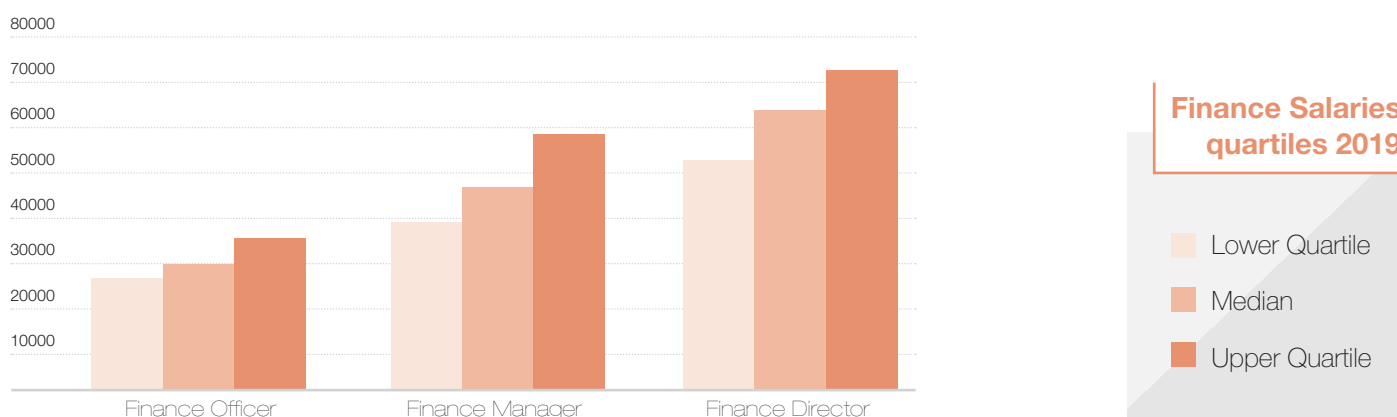
| | No. job roles | Lower quartile £000 | Median £000 | Upper quartile £000 |
|-----------------------------------------|---------------|---------------------|-------------|---------------------|
| Senior Manager and equivalent (Level 4) | 25 | 35.8 | 38.8 | 49.7 |
| Officer and equivalent (Level 3) | 52 | 22.7 | 30.9 | 34.3 |



Finance salaries

The median salary for a Finance Director was £64,000 while the median salary for a Finance Manager or equivalent Level 4 role was £45,900. The median salary for a Finance Officer (Level 3) was £30,200.

| | No. job roles | Lower quartile £000 | Median £000 | Upper quartile £000 |
|------------------------------------------|---------------|---------------------|-------------|---------------------|
| Finance Director | 17 | 52.2 | 64.2 | 71.0 |
| Finance Manager and equivalent (level 4) | 17 | 39.3 | 45.9 | 57.3 |
| Finance Officer (level 3) | 47 | 26.1 | 30.3 | 35.2 |

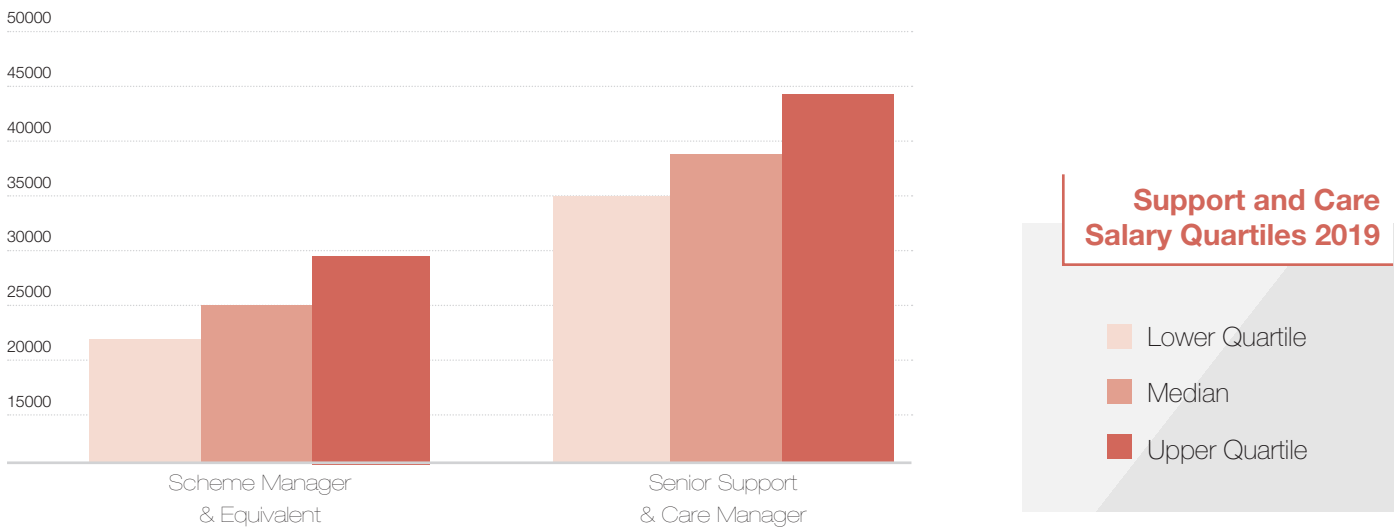


Support and Care salaries

The median salary for Senior Support and Care Managers (Level 4) was £31,400. The median salary for a Support Worker or Scheme Manager role at Level 3 was £21,900.

Please note that some Scheme Manager posts have accommodation provided: full comparative data may be found in Annex II of the full report.

| | No. job roles | Lower quartile £000 | Median £000 | Upper quartile £000 |
|-----------------------------------------|---------------|---------------------|-------------|---------------------|
| Support Services Manager (level 4) | 17 | 35.0 | 37.9 | 43.8 |
| Scheme Manager and equivalent (level 3) | 59 | 21.3 | 25.4 | 29.5 |



“ Thanks for the salary survey information. This is the first year we’ve participated. Having taken a quick look I think 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.”

“ We have used to 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.”

SPBM benchmarking clubs

Acuity encourages all SPBM members to get together and use the benchmarking data as a driver for discussion and service improvement. Regional and specialist benchmarking clubs offer the opportunity to meet with colleagues from similar organisations facing similar challenges, to network, share ideas and to learn from each other. Typically, members meet quarterly. Most SPBM members participate in one or more of these benchmarking clubs:

Acuity London

Contact: Mark Jackson, Lambeth & Southwark HA

bm320 (London)

Contact: Steve Fox, Gravesend Churches HA

Care Homes (England)

Contact: Anne Taylor, Thorngate Churcher Trust

Housing for Older People (England)

Contact: Nick Chambers, LACE Housing

Community HAs North West

Chris Page, Arawak Walton HA

SHAPE (South East)

Contact: Paul Yates, Crown Simmons Housing

South West

Contact: Peter Moore, Cornwall Rural HA

Supported Housing (England)

Simon Bradfield, Advance

West Midlands

Trevor Palfreyman, Adullam Homes

Yorkshire & Humberside

Craig Simons, Leeds Jewish HA

“Over this last year we’ve got a lot more email correspondence between members saying ‘how do you do this?’ and building on each other’s experiences.”

“The meetings are always well-informed and extremely useful, as well as providing excellent networking opportunities.”



Thanks and acknowledgements

We would like to thank the following for their contributions: Andy Roskell, Anne Taylor, and Susan Young. We would also like to thank our colleagues, Jonathon Cox and John Wickenden, at HouseMark for their help with this report and throughout the year and Neale Brodie from One Digital.

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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 to build relationships with clients that enable them to achieve performance and service improvements through access to 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 since 1998.

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