



Value for Money Statement 2013-14



Peter Bedford Housing Association (PBHA) strives to provide the best quality service it can for its tenants and the wider community, in the most efficient and effective way available. When planning and reviewing services, we take the following into account:

- What is our desired outcome?
- What is the desired outcome of stakeholders – tenants, participants, local authority and other local partners?
- How do we achieve a high quality outcome?
- How do we achieve this efficiently and effectively, avoiding duplication externally?
- How can our stakeholders influence and help us to deliver this service?

PBHA has a 5 year strategy, 2012-17, developed to ensure the viability and sustainability of the organisation. Our strategic aims are to establish our niche and reputation as a quality provider in North East London, achieve sustained financial viability, enable tenants and participants to achieve independence and to build strategic partnerships. We monitor the delivery of our strategy through the following means:

- Board annual away day to review progress against strategy and influence strategy development
- Annual business plan and budget setting cycle
- Regular performance reporting from the Operational Management Team through to the Senior Management Team and to the Board

Our regulator, the Homes and Communities Agency, expects registered providers to articulate and deliver a strategic approach to achieving value for money in meeting organisational objectives. PBHA is therefore expected to manage our resources economically, efficiently and effectively to provide quality services and homes and planning for and delivering on-going improvements in value for money.

How does PBHA create value for money?

During 2013-14 PBHA has created value for our stakeholders through the following means:

- Preparing to consolidate our office operations on to one site
- Property services review
- Reorganising our central Finance and Administration services
- Increasing our Fundraising capacity
- Increasing our effectiveness in delivering outcomes with tenants and participants
- Improving move on and throughput through our services
- Developing the housing portfolio in partnership with London Boroughs of Hackney and Islington to increase our housing units
- Establishing the PBHA Forum to influence and identify with tenant participation how PBHA can improve services
- Improving budget management and accountability across the Senior Management Team and Operational Management Team.

1. Preparing to move our office operations to one site

PBHA has two offices in close proximity, in the two main boroughs where our housing stock is located – Hackney and Islington. Over time, it has become apparent that if we located our offices on one site there would be improved communications, cost savings and the potential to develop a higher quality service offer. We have been able to secure a suite of landmark offices which we expect to occupy and re-locate to in February 2015.

We are looking to develop a series of satellite community centres in our existing locations to give tenants and participants easy and swift access to our services. The development of community hubs at Isledon Road and Outpost in Islington, alongside a Creative Industries hub (location yet to be decided), will enable our clients, vulnerable adults to continue to have local and easy access to our full range of services.

2. Property services review

In 2012 we completed a review of our property and maintenance services, and implemented changes that reduced our costs. Our target was to get closer to the average cost per unit from a sample of other housing associations. Staffing changes were introduced in November 2012, and reduced expenditure by approx £60,000 per annum. However we note that as a specialist supported housing organisation we have a much bigger proportion of tenants moving on every year, which inevitably means that costs from voids is significantly higher than other housing associations.

At the beginning of 2014 we commissioned an external review of the impact of these savings. The review confirmed that our costs are now generally in line with comparable organisations. This review also looked at response times for repairs and maintenance programmes, and confirmed that there had been reduction in performance. We are now finalising an action plan to address these issues. This includes reinforcing expectations of contractors around completion of jobs and improving our monitoring systems.

Longer term we are considering outsourcing responsibility for gas appliance servicing and repair to achieve cost savings.

As part of the review of the services provided by PBHA we considered those items paid for by tenants through their service charge. In consultation with tenants we reduced the items on the inventory, and introduced a system whereby new tenants can choose a “welcome pack” of bedroom furniture from a selection of suppliers. The tenants are responsible for looking after the furniture. This change together with other savings has reduced the service charge by between £3.50 and £4.50 per week for most tenants.

3. Reorganising our central services of Finance and Administration

PBHA's back office services developed significantly over 2013-14. In order to improve services to tenants and vulnerable adults, we identified that a Quality and Information team would deliver a significant increase in capacity. This team was developed from our administrative resources and leads on continual improvement, quality assurance, information, systems development and company secretarial tasks.

The Board created a Task and Finish Group to understand and improve the challenges faced in providing a high quality accounting service. Through skills improvement and systems development, we have achieved significant improvement in managing the financial elements of our work. This continues with systems improvement, organisational training and building a stronger finance team. With advice from Mazars, our auditor, we have benchmarked our team with other similar housing associations, and been able to achieve some efficiency gains as we learned from others.

4. Increasing our Fundraising capacity

Our fundraising strategy is helping us to maximise income from a wide range of sources to complement statutory funding and to support our VCS programmes. By providing innovative vocational and community based training opportunities and activities in combination with supported housing we can better enable tenants and other participants to gain the confidence and skills they need to achieve greater independence.

Fundraising enables us to provide a progression pathway from recovery through to the acquisition of new skills, training and employment and a holistic programme offering a flexible menu tailored to individual needs.

The strategy is helping us to develop income and support from statutory sources, trusts, companies, individuals and fundraising events, gifts in kind and volunteering. In this way all our stakeholders, including services users, can contribute to our mission and the development of innovative services and projects. By helping us to nurture strong mutually beneficial relationships, the strategy is helping to lay the ground for the long term success of the organisation.

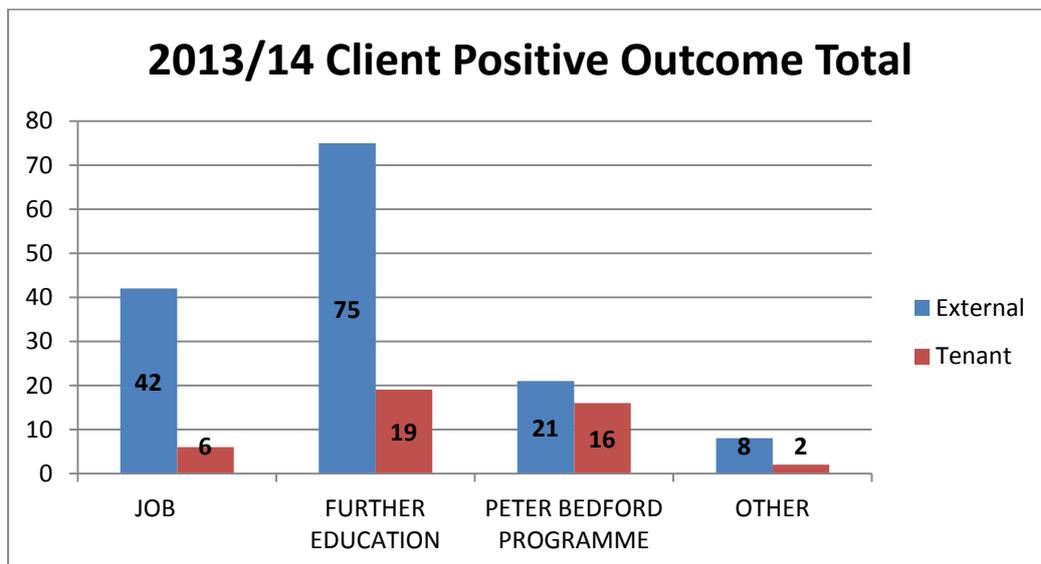
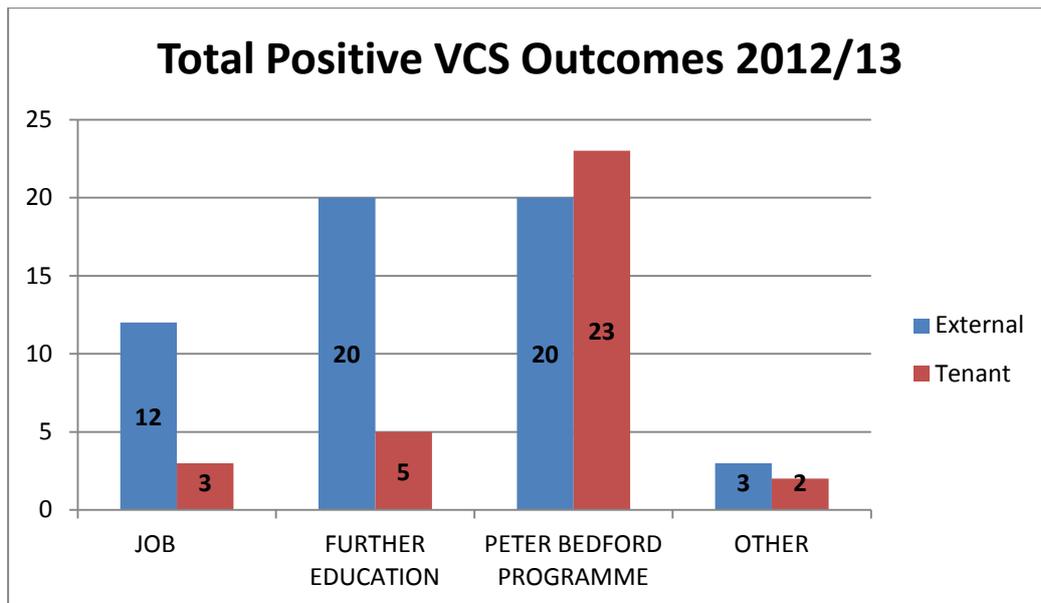
5. Increasing our effectiveness in delivering outcomes with tenants and participants

PBHA delivers Vocational and Community Services (VCS) to its tenants and to a wider community of vulnerable adults across North East London. VCS provides intensive, focused support to individuals to enable them to identify barriers to recovery and independence, which in the longer term saves public sector funds and builds community cohesion. Many of VCS's clients have spent over a year on welfare benefits; our VCS team works hard to enable people to recover and get back to work. This approach means that local, vulnerable people reduce benefit claims, spend more money in their local community, experience better health and are more engaged citizens.

During 2013-14 we planned a viable future for our social enterprises. We redesigned our shop and community hub on Holloway Road (renamed 'Outpost') with the aim of generating income for PBHA plus providing an excellent training environment for our participants. We developed a Creative Industries Enterprise which includes our joinery, printmaking workshops and Outpost, which encourages independence, development of business skills and improved confidence and employment prospects. Our enterprises are an asset to the local community providing services, training, employment and social inclusion for participants.

VCS used a new flexible staffing model designed to attract funding for our services. We demonstrated that we can be responsive, and support people with multiple challenges. Our London Councils/ESF Working Futures 2 programme showed how we can effectively go into new London boroughs and quickly establish employment services for those with mental ill health. We worked hard with our partners East Thames, Thames Reach and Hillside Clubhouse to successfully find employment for local people. We were able to help 48 people into work over the year through our Flexible Support Fund and Working Futures projects.

A grant from The Henry Smith Foundation has financed training, personal development and work experience for PBHA tenants thus ensuring they are supported to plan for their futures when they move on from our housing. We know the benefit of enabling adults to attend adult learning courses such as those we offer is £754 per adult attending (Source: <http://www.hact.org.uk/social-impact-housing-providers-report>), the benefit of securing employment for a 25-64 year old in London is £11,671 (Source <http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>).

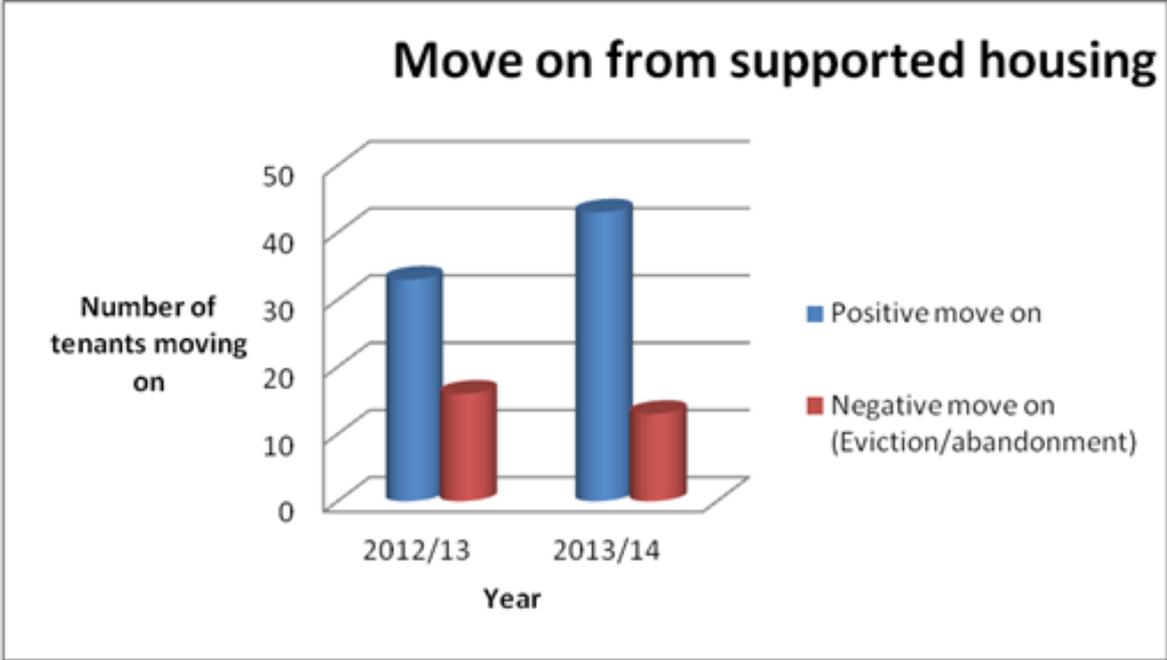


PBHA aims to provide a holistic service to tenants and the wider community, enabling vulnerable adults to achieve independence, in particular we aim to improve employability. In order to provide this service, we secured funding over 2013-14 from Job Centre Plus and London Councils. This funds vocational and community services for tenants and has resulted in significant increases of job and further education outcomes for PBHA tenants from 2012-13. PBHA tenants have progressed to achieve harder outcomes and consequently the softer outcomes in the Peter Bedford programme have reduced. PBHA also provides a grant for VCS to provide support along the progression pathway but focused at the recovery end. This focuses on

creative industries and volunteering experience in catering and retail. Our strategy is to ensure this element of the work becomes self sufficient through fundraising and enterprise. We accordingly reduced the grant from PBHA between 2012-13 and 2013-14 by £131,977 to £295,601. We aim to reduce this further in 2014-15 by circa £90,000. The funds released in this way, will provide added value services for tenants which we will consult with tenants to plan.

6. Improving move on and throughput through our services

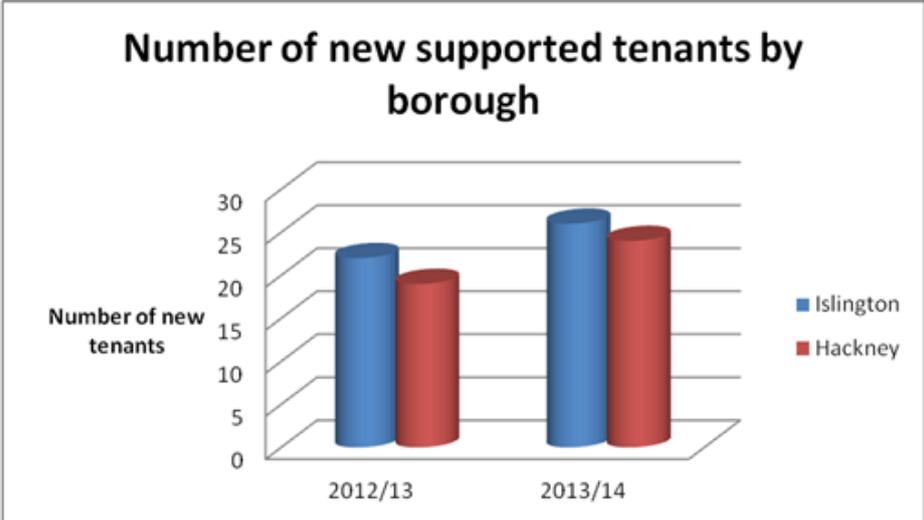
During 2013-14 we have experienced our most successful year in helping our supported housing tenants move on to more independent housing. A great deal of the move on was to private sector rented flats. We know the benefit of having a good place to live for 25-49 year olds in London is £1,048 (Source <http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>).



The above graph shows the numbers with “positive” move on increased from 14 to 43, with 38 of those people moving to more independent accommodation.

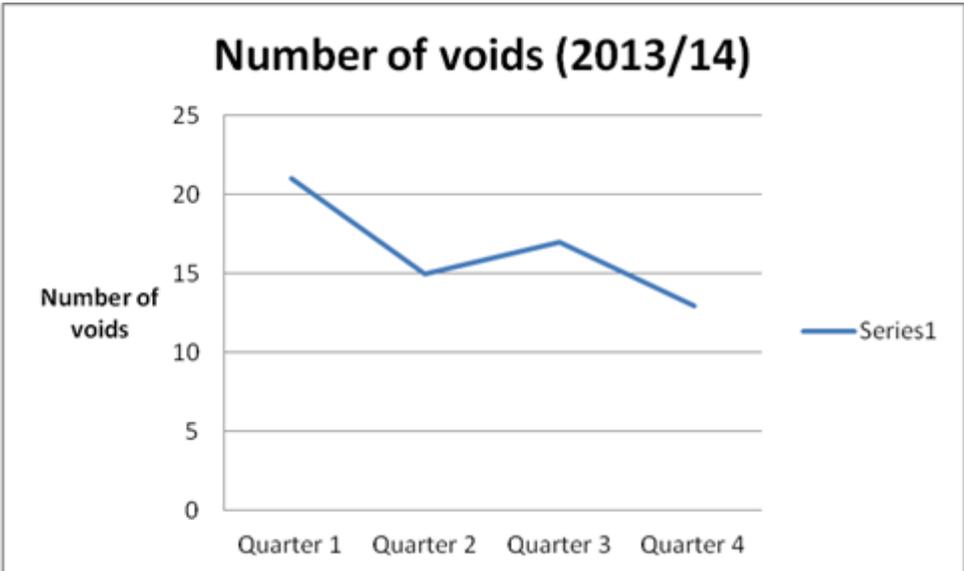
This means we were also able to increase the number of new tenants coming to PBHA for support and housing. As the following graph shows the numbers continue to be fairly equally split between Islington and Hackney. We know the benefit of

providing housing to a homeless person before intervention by the local authority is £12,500 (Source SROI Network).



However this high level of turnover brings costs and challenges to the organisation, as when a tenant leaves there is usually a requirement for repair, cleaning and furniture replacement. There is also loss of rental income between lettings ('voids').

Over the last year, rental income lost through voids did increase, both for the above and other reasons. Overall the rent lost through voids increased from about 5% of annual rent to about 8%. We were successful towards the latter half of the year in reversing this trend. The number of empty rooms were at about 5% of stock at year end.



7. Developing the housing portfolio in partnership with London Boroughs of Hackney and Islington to increase our housing units

PBHA has been able to remodel and refurbish our Isledon Road canteen, using trust funding and our own surplus, and through partnership with a local social enterprise Splash Pillion. The versatile space can now be used for meetings, training and activities, as well as continuing to offer a friendly weekend cafe. We have consulted with tenants and participants to develop a range of activities to encourage imaginative and frequent use of the venue.

The site also includes a new local office and drop-in centre, which will allow us to offer a more responsive, accessible service that meets the changing needs of the people being referred to us by Islington Council.

Another example of what we can achieve occurred with a property we own in Hackney. This was occupied by a family of 3 adults under one joint tenancy. As their circumstances changed, they relinquished their tenancy. We have been able to convert the property into a shared flat with 4 separate tenancies. As a consequence, we are now supporting 2 additional tenants, helping them to leave homelessness behind.

8. Established the PBHA Forum

The PBHA Forum was developed following discussion groups between staff and tenants, and the first was held in July 2013. It has since been held monthly and is now regularly attended by tenants and participants, staff, senior management and a Board member. External agencies (e.g. TPAS and Pohwer Advocacy Service) are also invited to attend.

A range of tenants and participants attend, and to date 29 have benefited. Being involved in a tenants' forum can create up to £11,870 for a 25-49 year old living in London (Source <http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>).

It is a valuable means of getting feedback from tenants and participants about the quality of services provided. An example of achieving a high quality outcome as a result of issues raised by tenants and participants includes an improvement to response times of complaints.

The Forum also acts as a platform for people to constructively influence and help us deliver services. Meetings are chaired and minuted with SMART action points, with each matter subsequently followed up.

The Forum was used to consult tenants to prioritise what was important to them so as not to waste resources. Reviewing the results of a tenants' survey confirmed that one priority for the maintenance service was to improve internal decoration.

Two examples of the Forum resulting in value for money include:

- Following feedback from tenants that they no longer required communal phones, it was decided to recommend the removal of pay phones. This will result in a reduction in tenant service charge.
- Another was when tenants highlighted that energy has been wasted when communal lights were on 24/7. As a result timer switches were altered which will over time reduce energy bills.

The Forum is now feeding in to the aim of increasing fundraising capacity in two different ways. Tenants and participants are getting involved in assisting with the planning of an application to the Big Lottery. In addition, Forum members are being supported to organise their own fundraising initiatives. Plans include raising money from jumble sales, writing to local organisations for complementary services and sponsored walks etc.

9. Improving budget management and accountability

PBHA introduced closer management from budget holders, clearer lines of accountability and a clear understanding of ensuring value for money in expenditure. We used zero based budgeting and visioning for each area of operation to build the financial plan for the coming year, achieving good understanding and ownership of financial matters for managers and teams.

10. Improving Health and Safety practice

In 2013 Peter Bedford Housing Association commissioned a review of our Health and Safety policies and practices. While there was positive feedback, we identified areas for improvement. We have been working to ensure we build up the confidence and knowledge of staff to understand and implement these improvements – for example through organising refresher training on Risk Assessment and COSHH for team leaders, and then implementing a plan to review and update risk assessments across

the organisation. This has then been supported by the expansion of Health and Safety committee to include the Quality and Compliance Coordinator, who is helping devise systems to better monitor this implementation plan and share good practice.

11. Benchmarking performance

a) Social Return on Investment

A Social Return on Investment report on PBHA undertaken by Bristol University in partnership with Hackney Social Care Forum has given an SROI Ratio of a social return £4.06 for every £1 invested in Peter Bedford Housing Association.

In their report the researchers state that, “High proxied outcomes and outputs were used and there were strong considerations to the direct cost savings to the statutory sector. These included taking people away from benefits, the value of having people in work and the cost savings in time for freeing up resources associated with mental health.”

The following section of the Value for Money assessment is extracted from the University of Bristol’s assessment:

The University of Bristol and the Hackney Social Care Forum (HSCF) worked closely together to determine the impact of infrastructure organisations on the third sector. The research involved closely examining organisations that belong to the mental health infrastructure within Hackney and to estimate an overall impact of the network as a whole. The preliminary exercise conducted by the university was to use a standardised methodology to value 8 different organisations within the network. The organisations varied in sizes and methods of service delivery, therefore eliciting any hidden identities that may contribute to an organisation’s overall valuation and to aid in drawing conclusions.

The University used a technique known as Social Return on Investment (SROI) to value the social activities of the organisation. It demonstrates how much social return is expected from each pound invested. The technique involves undertaking stakeholder analysis and thorough decryption of management information data to:

- Understand the change that occurs as a result of an organisations activities
- Ensure that outcomes are coherent, with inputs and outputs fully comprehended

The input data used for the benchmark analysis was the financial backing that the organisation had received. The University wanted to explore whether there were significant returns on this investment and how far the returns went into appraising

the success of the organisation. The outputs for comparison were based upon the outcomes selected, with output figures from the management information data, used side by side with literature based monetary proxies. Due to the sensitive nature of the work, we opted to use data collated rather than direct interviews to assess the outcomes of intervention for service users.

The final product of an SROI calculation is a ratio demonstrating the amount of social value created per £1 invested. The methodology used is based upon the Cabinet Office document, A Guide to Social Return on Investment. However, in order to standardise the technique, the University has incorporated certain innovations to improve robustness such as Monte Carlo Simulation for accuracy and a stance of Critical Realism to assess outcomes.

b) Special Projects

Following access to the Special Projects benchmarking club used in the Property services review, PBHA is preparing to join this service provided by Acuity. This will enable us to benchmark our performance in 2014-15.

The benchmarking data in the Property Services review, indicated that although improving, PBHA was below benchmark in responsiveness to repairs and gas safety checks. However, when costs for repairs jobs were compared, PBHA is broadly comparable on responsive repairs and below average on planned repairs.

Preparing for 2014-15

1. Valuing PBHA's housing stock

The Association's housing stock has been valued at cost in its accounts, which does not reflect market value or give an up to date assessment of the Association's investment in these properties.

The Association therefore commissioned Jones Lang LaSalle Ltd ("JLL") to provide a valuation of the 195 rental properties it owns as at 31 March 2014. The valuation basis is existing use value for social housing and this produced a valuation of £12,300,000.

This valuation enables PBHA to accurately assess and manage its assets. PBHA will consider developing new housing stock in the future to assist in tackling the housing shortage in London. Accurate valuation gives us the means to assess whether we can leverage these assets to assist with development of new stock.

2. Understanding value for money and quantifying social value

PBHA has identified at least one property which no longer geographically fits well in our portfolio. We are reviewing our assets through the stock condition survey of our properties in 2014-15, and we will continue to adapt our housing stock to best meet local needs.

PBHA's Board will analyse quarterly the progress we are making on quantifying social value. We aim to measure the social benefits which we create over 2014-15. The g320 group of small housing associations in London have commissioned a tool to assist in understanding return on assets. We plan to make full use of this tool across 2014-15, and to incorporate this analysis into our value for money strategy.

PBHA provided homes for 242 people with support needs in 2013-14. Supported housing provides many social returns such as reducing crime and anti social behaviour, increasing confidence and well-being, increasing digital inclusion, increasing equality, diversity and inclusion, improving health inequalities, and increasing access to benefits and increasing income, enabling people to come off incapacity benefits and reducing fuel poverty. PBHA is working to quantify the impact we make in these and other areas, and aims to be able to report on this in 2014-15.

3. Sustainability

PBHA is adopting a Sustainability Policy in 2014-15, and achieved the Green Mark for its offices in May 2014. We are taking a sustainable approach and aiming to limit the impact we have on the environment. This aligns with our approach to service delivery in vocational and community services, for instance 50% of the food served in our catering enterprise was sourced locally by the end of 2013-14. Increasingly over 2014-15 and beyond, we will be incorporating this approach in how we manage housing and enable tenants to reduce their impact on the environment. Our new office will comply to the Very Good BREEAM standard, and procurement of the fit out and development will follow our Sustainable Procurement policy, achieving value in terms of an appropriate balance of quality and cost.

4. Stakeholder scrutiny

Over 2014-15, PBHA is aiming to increase scrutiny of our performance through the PBHA Forum, in particular. We are aiming to empower tenants through TPAS training tenants in how to scrutinise our performance, supported by increased input from the Participant Involvement Officer. Improving value for money will become an objective across operational teams

Responsibility and accountability

PBHA has achieved an operating surplus for 2013-14 of £135,029. This is the first surplus achieved in 3 years and indicates that PBHA has returned to viable status.

This surplus has been achieved through:

- Cost deferrals from the delayed office move, but with the time being used to achieve a better outcome from the relocation
- VCS benefitted from improved fundraising and as a consequence was able to operate well within its budget
- a deficit in housing services

Over 2014-15, we expect our Islington Supporting People and Hackney mental health contracts to be re-negotiated which is likely to present a pressure point for PBHA. This is highlighted through the Risk Map and action plan which was developed in Spring 2014. Value for money runs through as a theme in the risk mapping and budget setting process, and is considered when action planning and reviewing risks by the Senior Management Team and the Board. Due to the pressure to become more efficient and reduce contract values, value for money will feature on future risk maps.

Scrutiny of and accountability for value for money is spread through PBHA although explicit articulation of responsibilities for value for money is an area to develop. The Board reviews performance against targets, preparation and contingency planning against risks. Board members have a wide breadth of skills and knowledge and their skill at scrutinising is high. Scrutiny of performance amongst the Senior and Operational Management Teams has led to more effective cross departmental working to improve performance, for instance this has led to increased referrals from Housing to VCS. A planned leadership development programme for Autumn 2014 will enable the Senior Management Team to operate more strategically, and the Operational Management Team will take on increased responsibility for daily management of PBHA's work. A key element will be to increase positive scrutiny across PBHA enabling gains in efficiency and effectiveness.