

Value for Money Report 2012/13

A YEAR WITH CROSS KEYS HOMES

A service just for you!



CROSS KEYS Homes

You'll be at home with us



VALUE FOR MONEY (VFM)

Cross Key Homes has always been committed to delivering best value in achieving its strategic objectives and sets out to provide excellent levels of customer service in efficient and effective ways and so provide good value for money for its stakeholders. Our approach is summarised under the four headings below.

1. Decision making and the management of resources in support of VFM

We endeavour to make best use of our scarce resources by:

- investing in maintaining and improving existing stock (2012/13- £17.5m);
- developing new properties (2012/13- £22m); and
- investing in our communities through provision of community related services that provide real social value and return (2012/13 - £0.4m).

Some of our main processes in this area include:

- Our re-investment panel reviews the costs of repair and viability of existing housing stock.

- Development projects are approved by our investment appraisal panel to establish that they will meet targetted returns unless other special factors apply.
- Direct cost allocation to individual projects and services ensures transparency in the measurement process.
- There is tenant representation on board and sub-committees, as well as the scrutiny and reinvestment panels to help ensure that major decisions are made with value to our stakeholders in mind.
- For our large community based projects, such as employment support, we review and prioritise spending based on the social return achieved and we are currently working with peer groups to establish best practice in the measurement of local and national social value.



George Matthews Court - new development

We are very aware that some providers have made decisions to sell high value surplus assets so as to reinvest in new housing. This strategy does not work well for us since our housing is located in predominantly deprived areas with low housing values. In addition 99% of our housing stock is within a 10 mile radius of our offices and management costs of each property are therefore fairly uniform.

Particular examples of our work in this area include:

- As a result of an asset condition and suitability assessment we de-canted an aged, 24 unit sheltered housing scheme in preparation for 12 four person units which will better meet the local housing needs.
- We are on target to replace a further sheltered housing scheme with our first, 79 unit extra care scheme in 2014.

- We have continued with the regeneration of former garage sites in 2012/13, building 33 homes on under- utilised land, saving in the region of £15k per unit and at the same time removing source locations of anti-social behaviour.
- Our incentivised downsizing programme has so far benefitted 176 households and released 532 bedrooms; resulting in better use of housing stock and at helping to protect some of our most vulnerable tenants from the impact of welfare reform under occupation cost.



Roman & Saxon redevelopment under construction

2. Optimising the return on assets

The main way in which we optimise the return on assets is to critically examine the marginal benefits of investing in new developments or business streams. We seek to maximise economies of scale by providing incremental development or new business that will make a positive financial contribution over time and achieve repayment of any initial investment within targeted timescales.

Our overall performance in 2012 and 2013 is summarised below:

All figures £m except %

	2012	2013
Net surplus after depreciation	6.6	4.2
Net surplus before depreciation	13.4	10.3
Reserves	34.8	29.1
Total assets	230.1	211.4
After depreciation:		
Return on investment (reserves)	9.0%	4.4%
Return on total assets	2.9%	2.0%
Before depreciation:		
Return on investment (reserves)	38.5%	35.4%
Return on total assets	5.8%	4.9%



We are very aware that the main reasons for such high returns at the present time are the exceptional low level of funding costs and lower planned maintenance costs than the long term average. We recognise that further funds for development will require much higher levels of funding costs for our existing borrowing as well as the new borrowing and that the decision to refinance will depend on a careful assessment of future

returns against the additional costs. This will be a key decision for our board in 2013-14 and is likely to result in our return on investment before depreciation to fall to around 20% from the current level of 38.5% before rising again in future years.



Examples of how we have met this objective include:

- During 2012/13 we completed 169 new homes and acquired 10 mortgage rescue properties which met development appraisal targets;
- Our social value assessment of our Working 4U community based employment initiative highlighted an average cost per employment outcome of £786.





3. Performance management and scrutiny in the delivery of VFM.

We maintain performance management and scrutiny processes which are led by our board and cascade throughout the organisation to support the delivery of value for money, as demonstrated by:

- Our aims and ambitions are outlined in our strategic bridges document which is the starting point for all service delivery and objective setting. This 'golden thread' process ensures objectives cascade directly to teams and individuals maintaining a link to the strategic vision.
- Achievement of objectives is then assessed through clear

measurement systems and by benchmarking qualitative and cost results against our own historic performance and with similar organisations via Housemark and other platforms.

- Performance indicators which reflect our strategic priorities are reviewed regularly by the board.
- All critical and strategic reports to board are required to outline the impact of any operational strategy or initiative on our overarching obligation to deliver value for money.

Key to ongoing scrutiny and the provision of assurance for board are our benchmarking and performance reporting processes. Financial performance is monitored by the finance and development committee and the board and we have been a subscriber to Housemark's performance improvement services for many

years, using their good practice and benchmarking tools to help measure and improve our own service delivery.

We aim to reach upper quartile in our performance measures and participate in Housemark's annual core benchmarking exercise to both measure our performance and inform future targets.

Results for 2012/13 against our key indicators show 21 out of 26 KPI's as meeting or exceeding the upper quartile target and these are summarised in the table opposite.

	Indicator	12/13 target	12/13	Trend	Comments
😊	Percentage of tenants satisfied with repairs & maintenance	84.98%	89.03%	Stable	Result is above target
😊	Percentage of dwellings with a valid gas safety certificate	100.0%	99.92%	Improving	Processes updated and performance has improved
😊	Percentage of emergency repairs completed within target time	99.50%	100%	Improving	
😊	Percentage of urgent repairs completed within target time	98.80%	99.85%	Improving	
😊	Percentage of routine repairs completed within target	98.60%	97.90%	Improving	
😊	Appointments kept as a percentage of appointments made	99.00%	99.05%	Improving	
😊	Average energy efficiency rating of dwellings (based on SAP 2005)	72.00	75.30	Improving	Result is well above target
😊	% of homes failing to meet Decent Homes Standard	0.0%	0.0%	Stable	Full compliance with the decent homes standard continues.
😊	Percentage of dwellings that are vacant and available to let	0.33%	0.16%	Improving	Result is well above target
😊	Average re-let time (calendar days)	21.8	15.6	Improving	
😊	Complaints closed stage 1, 2 and 3	100.0%	100.0%	Stable	
😊	Weighted average cost of capital	3.8% internal target	3.73%	Stable	
😊	Average working days lost due to sickness absence	7.6%	5.53%	Improving	
😊	% Social housing tenants satisfied with the quality of their newly built homes	97.6%	97.87%	Stable	
😊	Satisfaction with the services provided by CKH	89%	90.86%	Stable	

	Indicator	12/13 target	12/13	Trend	Comments
😊	Tenants satisfaction that we listen to their views and act upon them	74.1%	81.27%	Improving	Result is well above target
😊	Percentage of rent lost through dwellings being vacant	0.64%	0.49%	Stable	Result is well above target
😐	Percentage of dwellings that are vacant and available to let	0.14%	0.16%	Stable	
😊	Average re-let time (calendar days)	19.6	13.89	Improving	Result is well above target
😊	Current tenant arrears as a % of the annual rent debit (excluding HB adjustments)	2.70%	2.63%	Improving	Performance has continued to improve throughout the year
😐	Net current arrears	2.4%	2.59%	Improving	
😞	Former tenant arrears	0.73%	1.06%	Improving	
😊	% sheltered props vacant/available	0.77%	0.18%	Improving	
😊	Sheltered relet time	25.2	18.3	Improving	
😊	% Shared ownership satisfaction with overall service	85.0%	100.0%	Stable	Result is well above target
😊	% of shared ownership purchasers satisfied with sales process	85.0%	100.0%	Improving	Result is well above target

Our value for money approach is based on a belief that strong financial performance must be underpinned by continuous improvement in the qualitative results which match the strategic aims of the organisation. Our focus includes regular service reviews which incorporate feedback from residents and other stakeholders.

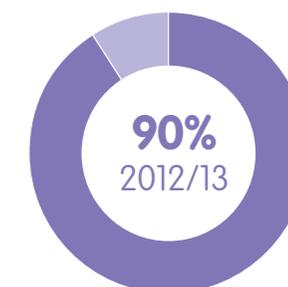
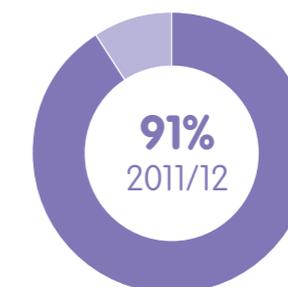
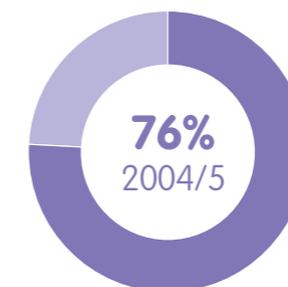
Performance highlights for 2012/13 include:

- Customer satisfaction remained exceptionally high at 91% and we were winners of 2012 Peterborough Business award for Customer Service.
- We improved the void turnaround and re-let times from 17.9 to 15.6 days and achieved upper quartile performance in rent loss through dwellings being vacant.
- Despite the challenging economic conditions faced by our tenants, we delivered an improvement in net rent arrears performance, ending the year at 2.59% against a previous year performance of 3.21%.
- A multi-faceted approach to employee welfare, support and development has yielded above target performance for sickness absence; delivering service and productivity benefits for the organisation as a whole.

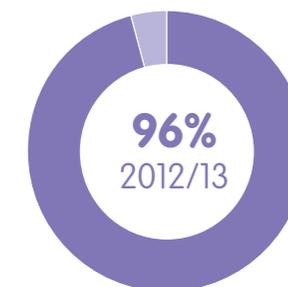
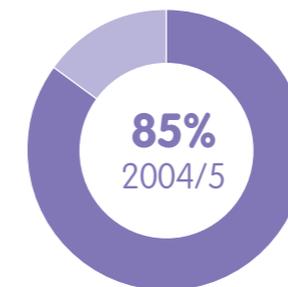
- We have now reached 98% of resident census data collected, which will underpin and direct future service delivery in our communities.
- We have developed our home improvement standard and are on target to achieve this by 2015, ensuring that all of our homes are effectively insulated and achieve a SAP rating of 72.

We are particularly proud of the growth in our customer satisfaction ratings shown below:

General needs residents



Sheltered housing residents



4. Understanding the relationship between cost and service outcome

As part of our annual budget and service planning programme, our senior management team set out performance and efficiency targets for the year ahead and these filter down into objectives for each member of staff. Our "star chamber" budget review process considers the impact of cost against service delivery targets in particular where decisions impact the strategic performance indicators detailed at the end of this section. As part of this financial reporting we distinguish those services which are delivered discretely from our core delivery of social housing and report on the level of surplus or subsidy generated. These services include:

- Lifeline
- Care service
- Market rent
- Mortgage rescue
- Shops

Other aspects of our approach in this area include:

- Our board reviews budget proposals in detail which includes benchmark cost comparative information and

full details of discretionary expenditure which is then assessed against strategic objectives.

- Resident inclusive neighbourhood panels review and prioritise discretionary estate improvement projects.
- A circle of continuous improvement is completed with regular reporting to board on qualitative KPIs and financial performance.

- An annual value for money update is provided to residents explaining how their rents have been applied to services.
- All expenditure over £500 is published on our website monthly to promote challenge and transparency.

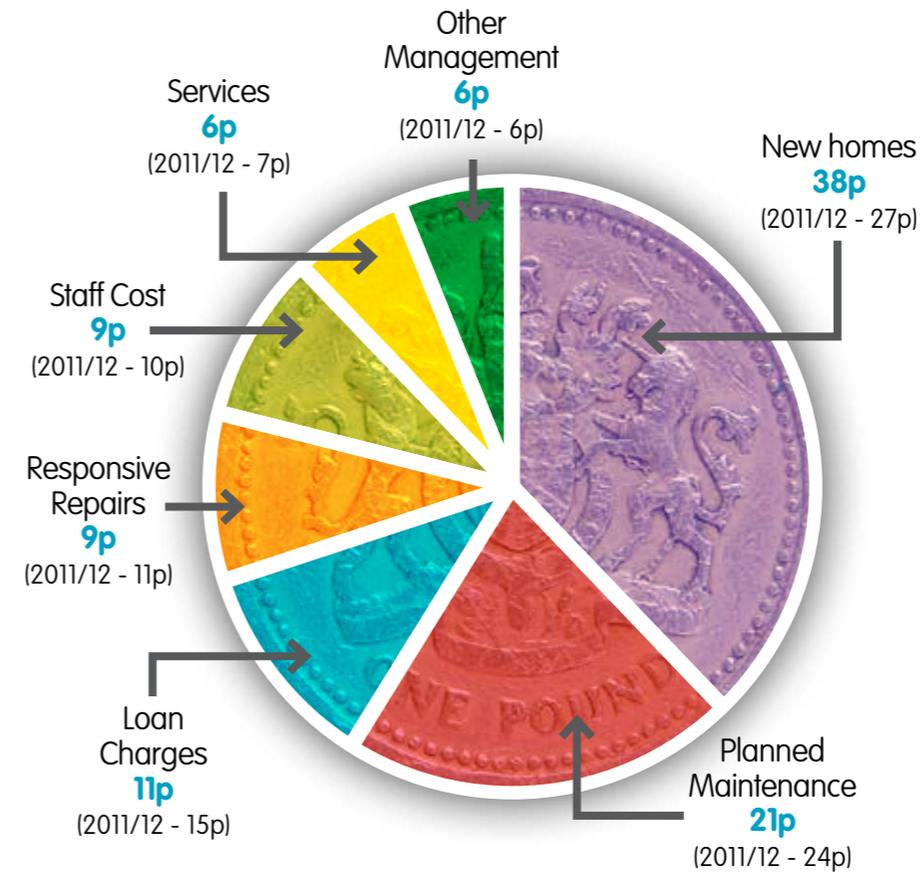
A summary of our key cost data is shown below:

Summary data – key costs per home

For the year ended 31 March 2013

	2012 (£000s)	2013 (£000s)
Service costs	3,157	3,191
Maintenance costs	10,623	10,609
Management costs	8,148	8,882
Bad debts	619	247
Depreciation of housing properties	6,061	6,598
Total operating costs	28,608	29,527
Operating surplus	10,174	12,906
Units owned and managed	9,834	9,965
Service cost per social housing unit	£321	£320
Maintenance cost per social housing unit	£1,080	£1,064
Management cost per social housing unit	£828	£891
Total operating cost per social housing unit	£2,909	£2,963
Operating surplus per social housing unit	£1,034	£1,295

How each pound was spent



How your money is spent (£ millions)

	2011/12	2012/13
New homes	13.0	22.0
Planned maintenance	11.3	12.4
Loan charges	7.2	6.3
Responsive repairs	5.1	5.1
Staff costs	4.9	5.1
Service running costs	3.3	3.3
Other management costs	3.0	3.4
TOTAL	47.8	57.6



Our ongoing commitment to reviewing cost efficiency is evidenced by:

- Housing related core overheads (operating costs less planned works and depreciation) measured against income reduced from 43% in 2011/12 to 40% in 2012/13.
- Our asset management team saved £942k against planned and responsive repair works, whilst maintaining upper quartile performance in satisfaction and the delivery of emergency and urgent repairs to our tenants.
- During 2012/13, we generated £208k of VAT savings through our development subsidiary CKH Developments Ltd.
- We completed a tender for insurance services which involves higher excess levels and gave significant savings in the first year of operation.



We review the staff resources allocated to each activity which are summarised below:



Customer Facing - 82%

- 27% Sheltered and Supported
- 34% Neighbourhoods
- 3% Land and Property
- 2% Incomes
- 16% Asset Management

Support Staff - 18%

- 4% ICT
- 2% HR
- 1% Executive
- 3% Finance
- 2% Development
- 2% Marketing and Sales
- 4% Cleaners and Facilities

As part of our drive to assure and engage stakeholders during 2013, we will review our annual resident reporting and provide more information on the relationship between cost and individual service performance.

CORPORATE PLAN

We summarise some of our achievements against our Corporate Plan below:

1. To manage and maintain our homes to the highest standards

Achievements:

Having completed our decent homes programme well ahead of schedule, we have maintained 100% Decent Homes compliance.

Our Keystone asset management system is used on an ongoing basis to inform stock condition improvement programmes, as well as to inform business planning decisions.

We have developed our home improvement standard and are on target to achieve this by 2015, ensuring that all of our homes are effectively insulated and achieve

a SAP rating of 72. Our contractor is currently progressing insulation, cladding and roofing work.

Over £800k of savings were achieved against budget, whilst maintaining above target performance in repairs and maintenance satisfaction, as well as the delivery of emergency and urgent repairs to our tenants.

Work in progress:

We have agreed a partnering arrangement with Strategic Energy which will result in significantly reduced energy bills for tenants in 3000 properties through a PV panel installation programme.

2. To improve our residents' quality of life and to make communities places where people want to live



Achievements:

Our tenant star rewards scheme has been revised and we are incentivising tenants to set up bank accounts and encourage savings via the Rainbow Credit Union.

We have implemented local lettings plans to ensure sustainable mixed communities are in place and considered for all new developments.

Kitemark awarded to an estate which has achieved significant environmental improvement.

Working with our maintenance contractor and local partners we provide a Working 4U employment support scheme, offering a range of opportunities such as work clubs, training programmes and advice sessions. We also offer pre apprenticeship schemes to give young people a chance to work for six months to gain valuable experience in the workplace. We

measure the effectiveness of these programmes by taking account of the social return and to date 120 of our customers have entered employment and nearly 400 are receiving skills support and tuition.

Work in progress:

Our Community strategy and action plan is in place to address the issues faced by those living in deprived areas, on low incomes or without employment opportunities.

We are continuing to deliver against our digital inclusion strategy, ensuring that tenants have access to and are able to use on-line facilities for communication and benefit claims etc.

We have completed the rebuild of one sheltered scheme and have projects under way to re-build two further sheltered schemes in order to provide accommodation more suited to the changing needs and aspirations of older tenants.



We are supporting the concept of city centre living for residents to ensure mixed communities and opportunities for all and have commenced two development schemes in the city centre, due to provide 149 new units by 2016.

3. To provide a range of services through opportunity, excellence and innovation

Achievements:

We have increased opportunity for the social mobility of residents through membership of the national mutual exchange service and engaged in the government's scheme to offer wider mobility and choice.

We have incentivised a total of 176 under occupiers to downsize into more suitable accommodation, releasing 532 bedroom spaces.

Monthly CAB surgeries are in place at our offices and local hubs to enable residents to access benefit and welfare advice in their local area.

Working 4U project showed increased attendance at work clubs, up 53% on the previous year to 639 people, helping 48 young people and 78 adults into employment, education and training.

Promoting and developing innovative methods of communication with tenants including email groups and facebook in addition to resident involvement groups and a well-attended annual conference.

Working in partnership with our repairs contractor, Mears, to deliver a range of classes and activities for tenants; including maths, english and computing, decorating and wall tiling.

Member and current chair of the multi-agency Tackling Worklessness in Peterborough (TWIP) partner group, supporting the unemployed in the local area.

Our Customer Relationship Management (CRM) system phase 1 has gone live; over time this will provide a platform for more streamlined and better targeted services.

Work in progress:

Customer profiling information is now available for over 98% of our tenants through the resident census project and will enable better informed service development decisions to be made.

We are delivering a project during 2013 with Peterborough City Council to provide support, training and move-on accommodation for younger people not in employment or education during 2013.



New website to enable tenants to pay rent online, report a repair and obtain a rent statement.

4. To offer opportunities to all through developing a larger forward thinking organisation

Achievements:

Almost 800 units of new build housing have been completed

since transfer, including 600 rented units and almost 200 shared ownership properties.

Mortgage rescue acquisitions in partnership with Peterborough City Council commenced in July 2010 and now number 36.

Our housing for sale subsidiary, CKH Developments, set up as a development company to facilitate the recovery of VAT on development

professional fees, achieved savings of £208,000 in 2012/13;

We are approved by the HCA as an Investment Partner and in contract under the Affordable Homes Programme to deliver 385 new homes by 2015 (with grant funding).

Work in progress:

We have a large development pipeline with a number of new schemes totalling almost 500 units including the Carbon Challenge site (Vista) delivering 120 zero carbon new affordable homes in the period up to 2015.

We continue to participate in the East 7 group of registered providers promoting regional housing growth with key policy makers.

5. To achieve the highest level of business excellence

Achievements:

Continued positive relations with the Homes and Communities Agency (HCA) and retaining our V1 financial viability assessment.

We continue to achieve funding costs which are competitive despite the current economic climate.

Our sheltered housing service was awarded the CHS code of practice in September 2012.

We report against a wide range of performance indicators across

the business, linked to Housemark benchmarking. For the year 2012/13 we met or exceeded target in 21 out of 26 targeted measures.

Our sheltered housing service was awarded the CHS code of practice in September 2012.

We achieved registration to the CQC in January 2013 and will commence delivery of a pilot personal care service in April 2013.

We will continue working to improve the environmental sustainability of our office accommodation and promote green travel methods to staff and visitors.

We have advanced the programme to recover actual service costs for both our general needs properties and our sheltered schemes.

Our document management system is now live for most departments.



We retained Green Level Investors in the Environment for 2012/13 reflecting our success in committing to the environmental sustainability of our activities.

We completed our external Governance review.

We commenced joint board sessions with other local registered providers with Julian Ashby attending.

Equality and digital inclusion training programmes were completed.

We participated in the HPUK scheme to learn from English speaking housing organisations around the world.

Work in progress:

Rent arrears continue to move in a positive direction despite the challenging economic environment and unemployment position for many of our customers.

Work to further enhance our ICT systems in the areas of customer relationship management is a key project for 2013.

The effectiveness of our value for money strategy is being measured through regular benchmarking and analysis and we continue to work with stakeholders and peers to evidence wider social returns.

We use peer reviews as part of the service review process to leverage further value for money improvements.

We use external leadership opportunities including NHF regional chair and the Greater Peterborough Partnership vice chair to learn from others.

Website development to enable tenants to report a repair and obtain a rent statement.

Our Lifeline telecare alarm service was awarded reaccreditation to the Telecare Services Association in August 2012 and is Peterborough City Council's adult social care team's partner of choice for assistive technology provision and monitoring.

6. To deliver the highest standards of customer care and to promote diversity, equality and social cohesion

Achievements:

Customer satisfaction was evidenced through our 2012 tenants survey, where 91% of respondents were satisfied with the overall service they received from Cross Keys Homes.

We received accreditation against the Government's "Customer service excellence" standard (the replacement for Chartermark).



Winners of the 2012 Peterborough Evening Telegraph customer service award.

We held a very successful and well attended residents' conference.

Working in partnership with Mears to deliver a range of classes and activities via the Academy.

Our Young peoples' media group launched an Anti-social Behaviour video.

Working in partnership with Safer Peterborough Partnership and equality councils to promote equality and cohesion.

Re-developed Tenant Auditors' Scheme to include existing tenant inspectors and mystery shoppers.

Work in progress:

Develop and promote our 'Bee involved' scheme to encourage more participation, especially

from BME residents and younger residents under 30.

Maintaining a good neighbour award scheme to encourage recognition from within communities.

7. To be a caring and motivating employer of choice

Achievements:

A comprehensive staff review and development programme is in place, ensuring that all staff have a regular opportunity to assess their performance, development and training needs with managers;

Comprehensive learning and development provision in place for all staff including support to gain professional qualifications.

Equality and diversity training has been undertaken by all staff.

A comprehensive ICT training programme.

We achieved the Investors in People accreditation (silver award).

Robust health and safety strategy and action plan.

The health and wellbeing group continue to support staff and organise associated initiatives.

Range of engagement activities undertaken impacting positively on staff and team satisfaction as well as significantly reduced sickness absence levels.

Provision of employee assistance programme.

Range of worklife balance initiatives in place.

Review of equal pay arrangements.

Listed 53rd Sunday Times Top 100 2013, showing year on year improvement since 2011.

Work in progress:

Review of staff grading structures and performance pay to be implemented in 2013.

Implementation of pension auto-enrolment in 2014.

Get in touch

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