2016-2017 Value for Money Statement

ongo homes

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Introduction

Ongo is a partnership of companies with one shared vision: to create and sustain truly vibrant communities.

Our purpose is to provide people with quality homes in safe communities, and support them to live well.

But how we do that is changing.

No longer do we see ourselves only as a landlord of social housing. We recognise that to address local housing need we need to provide a range of affordable housing options, including shared ownership and even homes for outright sale.

And, we need to look at new ways in which we can fund the building of new homes.

We are changing our direction but not our emphasis. Providing affordable, high quality homes to those in most need is our core purpose and that is not changing.

But we are using our resources differently, to establish new commercial ventures which complement our housing business and generate new income. And we are establishing new partnerships to significantly increase our new build programme in the years ahead.

Our success relies on many things, not least ensuring that we achieve the very best value for our money and are financially resilient to changing environments - politically, socially and environmentally.

This is our fourth Value for Money Statement and, whilst it focuses on the activities of Ongo Homes, our housing association, we will draw on the added values our group activities bring to ensure we deliver our vision and remain true to our social purpose in providing affordable homes for those most in need.

The structure of our partnership

Ongo has three main subsidiaries.

Ongo Homes is our housing association and remains our core business, providing social and affordable homes across North Lincolnshire and essential landlord services to help people sustain long and successful tenancies. Ongo Homes is a charity and regulated by the Homes and Communities Agency and Charities Commission.

Established in 2012, **Ongo Communities** delivers a wide range of social projects aimed at improving the lives and opportunities of Ongo Homes' tenants and the wider community. This includes its own employment agency, Ongo Recruitment, and a brokerage company which provides staff to help people manage their budgets and live independently.

Also formed in 2012, **Ongo Commercial** is our profit-making subsidiary. The profit it makes is for reinvestment into group activities. We have three companies owned by the commercial subsidiary – Ongo Heating and Plumbing (trading as Hales & Coultas Heating and Plumbing), Ongo Roofing (trading as Ashbridge Roofing), and an estate agency Ongo Sales and Lettings (trading as Mi living).

Ongo Homes, Ongo Communities and Ongo Commercial sit under one parent company, **Ongo Partnership.**

Our 2020 Corporate Plan

In 2016 we launched our 2020 Corporate Plan and developed four new Corporate Objectives

- To provide excellent value for money services and homes that local people need
- To help tenants improve their lives and sustain their tenancies
- To use excess resources to build new homes that meet local demand
- To grow our group with complementary activities

The plan is set against a background of opportunities and risks. Our appetite for risk is stated against our objectives.

The availability of funding is moving towards shorter term facilities and increasingly towards bonds and investor-backed finance. For organisations looking to grow, as we are, the outlook for finance is favourable.

With this in mind, we have already begun talks with our bank, Barclays, to review our financing options.

Our aim is to increase the flexibility of our financing terms, at a competitive borrowing rate, so that we can use additional cash and facilities to build the new homes we want.

2016/17 also saw us start the process of seeking authority to change Ongo Homes from a charity to a community benefit society, enabling us greater freedom over the disposal of our assets whilst maintaining our charitable aims. The change will also allow us to pay all our board members, something we believe helps us retain a professional and highly skilled board.

Our rating for financial viability, as judged by the HCA, is V1, the highest it can be. In 2016/17, our rating for governance was increased from G2 to G1 after we were able to provide the HCA with additional confidence in the quality of our people and processes.

In improving the quality of our internal governance processes, we have also significantly enhanced the skills and experience of board members and developed a robust risk management framework. All of this gives us the confidence to increase our appetite to risk for future growth.

Unemployment is falling in North Lincolnshire and it can be reasonably assumed that the economic growth of the Humber bank will be reflected in new employment opportunities, and increased income, for tenants.

However, retaining our current housing stock levels remains under threat from Right to Buy. Our tenants are disproportionately affected by Welfare Reform, threatening our ability to lower arrears, the future of grants for development remains uncertain and our ageing population means that the costs of keeping people in their homes for as a long as possible are all major challenges.

Our 2020 Corporate Plan sets out how we will deliver our objectives within this operating environment.

What Value for Money means to us

For us, Value for Money means getting the biggest benefit we can from every investment we make.

We give good value when our costs are low and our customer satisfaction is high.

To give good value we must understand our assets, know our customers, track our markets and monitor our performance.

Our strategic approach to Value for Money

Our Value for Money Strategy is centred around six key principles

- Maximising our return and protecting and understanding our assets
- Understanding and embedding value for money across the group
- Considering value for money in everything we do and setting targets to achieve it
- Understanding what customers want and delivering objectives that meet this
- Being transparent and inclusive
- Having effective governance and value for money structures

A planned revision to our Value for Money Strategy was deferred in 2016/17 and will be completed in 2017/18 to better reflect the growth and diversification of the group, although the principles will remain the same.

Our boards regularly challenge the Executive Management Team to ensure we are generating value and achieving the greatest return from our resources to deliver our Corporate Plan.

Each year we set targets and measure the value we have achieved through our Value for Money Register. This is reported annually to our boards.

We also produce an Assurance Dashboard which is presented to each Ongo Homes' board meeting and reports on how we are delivering on key performance indicators linked to our four Corporate Objectives, plus information on financial, regulatory and legal compliance, key risk indicators and internal audits. A detailed breakdown of operational performance is reported monthly in a Balanced Scorecard and scrutinised by the executive and senior management teams.

Going forward, we will be adopting a sector scorecard, which has been endorsed by the HCA as the preferred replacement of the Value for Money self assessment statement in its current format. Ongo Homes is one of 250 housing associations piloting the new approach.

The scorecard will record our performance against 15 different criteria, based around business health, development, delivery of outcomes, effective asset management and operating efficiencies.

Our Value for Money savings

In 2016/17, our savings totalled £1.02m, against a target of £500k.

Of these savings, £895k was actual cash saved, such as saving money on a new contract, and £126k was in efficiencies, such as saving staff time.

Of the £1.02m savings, £428k were recurring, for example the reduction in staff posts, and £593k were one-off savings.

More than £86k worth of savings were made through the reprocurement of a number of contracts, including:

- £22k saved by changing mobile phone tariffs and agreements
- £13k saved with a new cleaning contract and agreement
- £10k saved on our lone worker system
- £10k saved on our vehicle tracking system
- £7k saved on the maintenance and repair of our door entry systems

Doing what we say we will

In our Value for Money Statement 2015/16 we made a number of pledges to further increase efficiency and reduce costs. Here's what we have done since then.

What we said we would do	Progress so far
Retendering contracts for waste management	We successfully appointed a new contractor in March 2017 for the disposal of office waste. The contract for trade waste management is being procured in 2017/18
Asset Management Strategy review	We completed the review and a new strategy was approved by Board members in February 2017
Demolition of flats on Albert Marson Court in Scunthorpe	Demolition was completed in February 2017. The development of 27 homes on the site is due for completion in August 2018
Review our Value for Money Strategy	This was deferred from 2016/17 because of changes within the VFM and Procurement Team but will be completed in 2017/18
Achieve an additional £500k saving on top of the budget	We doubled this by achieving £1.02m in additional savings
Consider the future of commercial property sites	This is part complete. We sold one commercial unit for above market value on Priory Lane, Scunthorpe, and have demolished five units in Albert Marson Court, Scunthorpe, as part of a regeneration scheme
Consider acquiring a new Asset Management System	We have carried out a gap analysis to determine what we need from a new system. Following a number of presentations from market leaders, we have allocated funding for a new system. The project is scheduled for August 2017
Maintain a direct cost per property of £325 or under for Maintenance Services	The direct cost for providing the service was £261 per property in 2016/17
Complete a £3.5m programme to replace windows, lifts and heating systems on Market Hill estate, Scunthorpe	This work was completed in 2016/17
Achieve an average cost of £2,164 for an empty homes repair	The average cost in 2016/17 was £2,589.79, a reduction of more that £650 per property on the previous year
Achieve 9% turnover of properties by 2020 by targeting high turnover areas	Our performance at March 2017 was 9.37% against a target of 10.5%. Our target for 2017/18 is 9.0%
Review and restructure the Allocations Team to produce a headcount saving of 7%	We completed a review in 2016/17 resulting in a headcount reduction from 14 to 12, a 14% reduction
Reduce the direct costs of Housing Management to £281 per property by 2020	The cost per property at March 2017 was £272 against a target of £281
Complete a review of the Income Management Team to achieve efficiencies	The Income Collection review achieved a headcount reduction of 1 full time post and £11k saving on the budget
Implement a new income management system	A new arrears case management tool was piloted. RentSense has achieved a time saving equivalent to 2 full time members of staff. This resource has been retained within the team to deal with the increase in workload generated by welfare reform
Negotiate a new mobile phone contract to save £30,000 per year	We have negotiated new contracts with EE and Vodaphone, resulting in savings of £26,000 plus credit worth more that £25,000 for new equipment and £12,000 goodwill payment to off-set against future bills
Introduce a collaborative communications system to improve efficiency in call handling and mobile working	We have implemented a new system which allows a single feed for all calls, web chat, text messaging, email, social media and instant messaging. This supports our agile working strategy and improves our flexibility for out of hours call handling

(Source: Heads of Service)

Delivering our 2016/17 Operational Plan

Annually, we develop an Operational Plan which details the activities we will carry out in that year towards achieving our wider corporate objectives.

In 2016/17, we completed 97% of the 54 actions in the Operational Plan.

Some of the headline projects included:

- A review of our high turnover homes, resulting in an action plan to address specific issues on each estate
- A review of our estate services, resulting in a more effective structure and the reduction of a post, a saving of £30k which is realised from April 2017
- A review of our support for under-25s to help sustain their tenancies, resulting in just 5% of tenants who went through our support programme falling into arrears, compared to 29% of tenants from that age bracket who did not receive support
- The introduction of a financial asset process to calculate the Net Present Value of properties
- The implementation of a new finance system to replace an inefficient legacy system

Our balance sheet and income statement

In 2016/17 our operating margin rose slightly from 28.7% to 28.8%, realising a net operating surplus of £12,889k *(based on Ongo Homes Statutory Accounts).*

Our turnover fell by £1,146k to £44,771k. This is mainly due to the 1% rent reduction taking effect. Our revenue reserves increased by £4,436k to £61,391k.

The increase in reserves was generated from the additional operating profit (£12,889k) and surplus made on the sale of properties under Right to Buy (£1,354k), minus the interest payment on our borrowings (£2,778k) and the cost of funding the Local Government Pension Scheme (£7,010k), of which a large proportion of our employees are members.

This represents a 16.1% return on net assets, compared to an 18.4% return in 2015/16.

Ongo Homes currently has a £102m loan facility with Barclays Bank plc and at the end of 2016/17 had drawn down loans to the value of £71m.

With the existing value of the housing stock at £275.6m, this equates to an asset cover ratio (excluding pension deficit) of 388%.

In essence, this means for every £1 of borrowing, we have £3.88 worth of assets. This compares to a ratio of 309% in 2015/16.

Our long term liabilities still continue to be borrowings and pension.

Providing excellent value for money services and homes

One of the most effective ways of measuring whether we provide excellent services is to ask our customers.

Three times a year we carry out a telephone survey of 600 different tenants to produce our annual customer satisfaction performance report. Our Tenant Inspectors validate the data we collect.

We have maintained extremely high levels of customer satisfaction, with 92.7% of the 1,800 people asked saying they were happy with our overall service.

The one measure that has improved year on year is satisfaction that the rent tenants pay offers them value for money. More than 92.8% agreed – a steady increase from 86% four years ago.

Customer satisfaction survey for Ongo Homes				
	2016/17	2016/17	2016/17	Top quartile
Overall satisfaction with the service provided by Ongo Homes	92.7%	94.2%	89.4%	91.3%
Satisfaction with the overall quality of your home	93.1%	94.0%	91.0%	90.0%
Consider acquiring a new Asses Management System	95.6%	94.2%	90.7%	Not recorded
Consider acquiring a new Asses Management System	92.8%	91.8%	88.8%	86.7%
Consider acquiring a new Asses Management System	88.3%	91.9%	89.1%	89.7%
Consider acquiring a new Asses Management System	96.6%	95.9%	90.8%	Not recorded
Consider acquiring a new Asses Management System	91.0%	86.5%	83.1%	78.6%
Consider acquiring a new Asses Management System	93.3%	92.1%	89.2%	Not recorded

(Source: STAR survey 2016/17)

When it comes to determining whether we are providing the level of service and value our tenants want and expect, we also employ the services of our Resident Scrutiny Panel – a team of tenants who are appointed to investigate core services and recommend efficiencies and improvements.

They provide an independent assessment and critical challenge with the aim of driving up improvements to standards, processes and performance.

In 2016/17, the Resident Scrutiny Panel carried out two investigations – one into the use of external contractors and one into the handy van services run by Ongo Communities.

Thirteen recommendations were adopted as a direct result of the investigation into the use of external contractors, including an action to reduce the number of missed appointments which directly reduces cost and improves customer satisfaction.

Eleven recommendations were made to the handy van service, including an increase in charges to the public, which was introduced in April 2017.

Improving tenants' lives and helping them sustain their tenancies

The purpose of maximising our income, and running as efficiently as possible, is not just to free up cash for building new homes, but to improve the lives of our tenants and wider communities too.

There are two ways in which we do this: through our Ongo Homes Tenancy Support team and through our Ongo Communities' project teams.

In 2016/17 our Tenancy Support Team helped 1,899 tenants across a range of issues, including financial guidance, improving home management skills, supporting people with learning difficulties, offering advice to people from black and minority ethnic backgrounds and encouraging older people to address social isolation.

We helped tenants access an additional £653k in housing benefit and discretionary housing payments, plus £1.12m in unclaimed welfare benefits.

Also, in 2016 we published our 2020 Community Investment Strategy with three main objectives

- To improve people's education and skills
- To help communities thrive
- To increase employment and enterprise

We strongly believe that if we help people increase their income, by improving their job skills and confidence, or help them create a community they are proud of, they are more likely to sustain their tenancy and avoid falling into arrears.

For this reason, 1.3% of the rental income received by Ongo Homes was invested into community investment activities. This amounted to £530k in 2016/17.

We employ 51 people to deliver our community projects, which includes 10 volunteers.

Seventy-eight percent of the 41 paid staff are funded externally through grant aid.

In fact, in 2016/17 we won external funding worth more than £855,000 to deliver a wide range of projects, including employment support, mental health support, sports activities, gardening projects, home energy checks and play park equipment.

It's not always easy to measure the success of all our programmes, but where we can, we use the HACT (Housing Associations' Charitable Trust) model to calculate social return on our community investment.

The HACT model has become the industry standard for measuring social value. It provides a monetary value for specific outcomes, for example getting one person into full time employment is valued at £14k in social value.

More than 270 people signed up for our employment support in 2016/17, and 250 were helped into sustainable employment.

Using the HACT calculator,we know that for every £1 we spent, in 2016, on employment support activities, the social return was £29.65.

Supporting people into training and employment

	2016/17	2015/16	2014/15
Number of people who accessed intensive employment support	742	536	389
Number of people engaged in meaningful volunteering	82	75	74
Number of people helped into sustainable employment	250	179	143
Number of apprenticeships created	42	36	51
Number of work/life skills training sessions	503	713	545

(Source: Ongo Balanced Scorecard 2016/17)

Using excess resources to build new homes

In 2016/17 we completed the building of 53 new homes. Fourteen were part-funded by the Homes and Communities Agency's Affordable Homes Programme 2013-15, and 39 as part of the 2015-18 programme. The additional funding was met through Ongo Homes reserves. We also began to build a further 227 new homes.

It was announced in 2016/17 that, as part of the HCA's Shared Ownership and Affordable Homes Programme 2016-21, we were to be awarded £7,750k in grants to fund 257 new homes.

2016/17 saw us acquire our first two shared ownership homes in Scunthorpe. We also branched outside our traditional North Lincolnshire boundary, developing 44 homes in Harworth, Nottinghamshire, 13 in North Hykeham, Lincolnshire, 10 in Moorends, South Yorkshire, and 50 in Balby, South Yorkshire.

New homes built in 2016/17
53

New homes funded for 2016/21
257

Growing the group with complementary activities

Bringing commercial businesses into the Ongo Partnership has allowed greater opportunities to make savings on our cyclical maintenance programmes for roofing and boiler installations.

In 2016/17, Ongo Commercial bought the assets of two local plumbing and heating companies and created its own business, Hales & Coultas Heating and Plumbing.

The purchase had no financial impact on Ongo Homes, however, it brought benefits which we can take advantage of.

Market testing showed that savings of up to 22% could be made on full system heating installations by Hales & Coultas when compared to a previous contractor.

By employing an internal company we are also ensuring that profit remains within the group for reinvestment into homes and services.

Our environmental impact is also a key consideration for us.

In 2016/17 we achieved ISO 14001 accreditation. This is a nationally recognised standard for environmental management.

We have also set targets for reducing our carbon footprint by 2% in 2018 and 7% by 2020, including diverting items from landfill and improving the energy efficiency of our properties.

Our own Choose to Reuse furniture recycling shop already contributes, keeping 47,338 tonnes from landfill in 2016/17. There were 1,514 pieces of furniture sold and 1,628 items donated, generating a revenue of £48,268, a 4.59% increase on the previous year.

Understanding and managing our assets

One of our pledges in 2015/16 was to develop a new Asset Management Strategy.

Having completed this, we now have a clear plan which will take us up to 2020.

More than 78% of our homes were built between 1948 and 1979. Since taking over ownership from North Lincolnshire Council in 2007, we have invested more than £200m, or approximately £20k per home, to ensure they meet, at the very minimum, the Government's Decent Homes Standard.

The purpose of our strategy is to make sure we understand our assets, mainly our homes, and how they perform, plus manage them well in the future to make sure we get the very best return from them.

Understanding our assets

In March 2017, we owned and managed 9,698 homes for rent plus two Shared Ownership homes, having sold 41 properties through Right to Buy or Acquire schemes and demolished 38 properties as part of a major redevelopment programme.

Throughout the year, we re-let 961 of our homes.

Also in March 2017, we commissioned real estate specialists Jones Lang LaSalle Ltd to carry out a full inspection of our stock to determine its value. They visited 10% of our stock to calculate the Existing Use Value for Social Housing (EUV-SH) which we submit to our funders Barclays Bank plc.

The sample was representative of the stock as a whole, in terms of location, building type and age. The value is the estimated amount for which a property should exchange for in an open market.

The valuation of our homes rose from £219.5m in March 2016 to £275.6m in March 2017.

The full valuation, based on property inspections, is carried out every five years although a desktop assessment is conducted annually.

Charged properties (charged to Barclays Bank plc)	**Number of units**	**EUV-SH (£)**
Social rented properties	9,376	256,450,000
Affordable rented properties	18	810,000
Social rented new build properties	13	640,000
Affordable rented new build properties	65	3,420,000
Properties awaiting demolition	11	0
Leasehold properties	281	0
Commercial interests	47	830,000*
Garages and sheds	1,675	2,450,000*
	Sub-total	**264,600,000**
Uncharged properties (Barclays do not hold charge over)		
All uncharged properties (mixed tenure)	217	11,010,000
	Total	**275,610,000**

(Source: JLL Valuation of properties owned by Ongo Homes report, 31 March 2017)

Understanding our assets, and their worth, is the starting point for us to manage them properly. There are several ways in which we assess our assets and their worth:

- **Asset and liability register**
  This is a register of all our properties and land against which we record market value and charges.

- **Asset management system**
  Information about our stock is regularly updated on our Housing Management computer system, including data on the life-cycle of fixed components, such as heating systems, and their costs. This information is fed into our Business Plan to ensure we retain sufficient funds to maintain the assets. It also helps us plan future investment programmes. It is worth noting that we plan to invest in a new Asset Management System in 2017/18. This will bring together all our systems and improve our ability to maintain a stock asset and component database, manage investment and compliance, monitor sustainability of stock, forecast costs and manage health and safety compliance, SAP ratings, energy efficiency and stock condition.

- **Sustainability indices**
  We must make sure that the homes we own bring in more income than they cost to run. We use a Sustainability Index to measure the ongoing viability of our homes and estates. It contains a series of indicators to highlight where we should invest, and, just as importantly, what we should disinvest in, dispose of or convert. These indicators include costs, projected incomes, performance information such as ease of letting and even housing management data, such as the occurance of anti-social behaviour. They are used to calculate the Net Present Value (NPV) of properties before decisions on their future are taken.

- **Regeneration & Sustainability Working Group**
  This is a group of staff who come together six times a year to discuss asset management, development plans and sustainability issues and the impact these decisions will have across the business, internally, and in communities, externally. The group uses data from the Sustainability Index to assess decisions and actions on the future of properties and estates.

- **External assurance**
  Each year a valuation of our stock is carried out and every five years external auditors conduct a sample stock inspection. We also commission six-monthly audits on stock and component data, gas servicing, fire risks, asbestos management, water management, electrical testing and other assets such as lifts and street lighting.

Managing our assets

In order to manage our assets, our 2017 strategy sets out how we will:

- **Maintain a high standard of work and stock through excellent maintenance and investment services**
  We work closely with tenants to make sure the standard of our services is in tune with their expectations and inspect their homes at least once every five years to check their condition. This helps us plan our cyclical maintenance programme. We also set out a replacement timeframe for certain components, such as electrical systems or kitchens, which in many cases is shorter than the Decent Homes recommended timeframe. This is because we believe early investment reduces costs in repairs, property turnover and customer complaints.

- **Maximise the energy efficiency of our homes**
  It is our aim to achieve a minimum SAP rating of 55 on all our homes. This is the national standard for calculating the energy efficiency of properties and is recorded on a scale of one to 100. The higher the number the better. In March 2016, 97% of our homes achieved a SAP rating of 55 or higher. In fact, the average rating was 71.4. We are also removing inefficient heating systems and helping tenants learn how to be more energy conscious.

- **Ensure investment decisions provide the best financial return**
  Each year, we provide board members with a report on the performance of our assets, their valuation and outcomes from our sustainability indices. We use the Net Present Value (NPV) calculation before all regeneration work and during the lettings process to make the right decisions about individual properties, whether that be investment, disposal or even change of tenure. We also carry out environmental improvements to increase the desirability of a place.

- **Ensure our homes continue to meet future need**
  We work with North Lincolnshire Council and the Occupational Therapist Service to provide aids and adaptations to help our tenants stay living independently in our homes. We plan to extend this partnership work further, delivering specialist accommodation which is needed in North Lincolnshire in the future, and making sure our new build programmes deliver the right mix of homes.

- **Increase the number of homes we have**
  It is our aim to build 1,250 affordable homes for rent in the next ten years and continue to explore opportunities to build outside North Lincolnshire. In 2016/17 we completed the build, or acquired, 55 new homes, of which 51 were for let on affordable rents, two were for shared ownership and two were acquired for demolition as part of a wider regeneration programme. Of these, 10 were outside the North Lincolnshire boundary. We also started build on a further 227 homes, of which 104 are beyond the North Lincolnshire boundary.

CASE STUDY: Taking action for sustainability

We have a top ten list of areas where we are taking additional action to make sure they remain places people want to live and stay

The list was drawn up from our Sustainability Index, which rates the long-term future of homes and estates, based on a number of factors, including lettings and arrears information and anti-social behaviour.

We have a team of staff from across lots of departments who have come up with an action plan to improve the future of these areas and increase the ability to attract long-standing tenants.

Each of the ten areas has its own plan, many of which include reducing the size of area looked after by a Housing Officer, taking proactive action to target anti-social behaviour and environmental issues, reviewing the needs of vulnerable tenants and introducing local lettings policies to create more sustainable tenancies.

John Lawrence, Head of Housing Management, said: "All our communities are different so expecting one approach to fit all is never going to work everywhere. By changing our approach and recognising the differing needs of areas, we have a much greater chance of making lasting change and delivering what communities, and tenants, need."

Our workforce

Our workforce is a major asset just as our homes are. It is our biggest cost too. Investing in the skills and knowledge of our employees, and supporting their health and wellbeing, is a big part of us getting the most out of this valuable asset.

We carry out annual salary benchmarking through remuneration specialists, Inbucon, to provide us with external assurance that our employees are rewarded fairly for the value they bring to the business.

Twenty-six employees were promoted internally, almost twice the number the previous year.

Developing employees' career opportunities internally helps us sustain a high performing workforce and reduces recruitment costs.

However, a voluntary redundancy programme resulted in 20 people leaving Ongo Homes in 2016/17. This was part of a cost-saving drive to off-set the impact of the 1% rent reduction introduced that year.

Despite this, we retained gold accreditation from Investors in People, a further external assurance of the return on our investment in our workforce.

When compared to other housing associations, our performance is above average for staff sickness and turnover.

Human Resource performance data

	2016/17	2015/16	2014/15	Target	Top quartile
Average days lost to staff sickness	7.9	7.3	10.8	7	6.9
Turnover of staff - voluntary	13.2%	16.0%	12.9%	No target	12.53%
Number of internal promotions	26	14	11	No target	Not recorded

(Source: Ongo Homes Balanced Scorecard 2016/17)

Tracking our costs

Benchmarking ourselves against others

Understanding our costs helps us be efficient, but benchmarking our costs, and performance, allows us see how we are positioned against other organisations, and where there is scope for further efficiencies.

Like most housing associations, we subscribe to HouseMark, a business intelligence company, which allows us to compare our costs and performance with other social housing providers.

In comparing like for like, we select peers based on what we are benchmarking, location and the characteristics of our services.

For the purposes of this statement, we have once again selected members of Placeshapers as our comparator group. Placeshapers is a network of housing associations which share our principle of being a locally-focused, values-driven organisation which puts customers at the centre of the business and gives them real influence.

We have selected 35 similar sized organisations, with between 5,000 and 15,000 homes.

Our benchmarking report was run on 25 August 2017 and we publish our results in the following pages.

We always re-run our benchmarking exercise in October every year to see if our position has changed and help us set appropriate, and competitive, budgets for the coming year.

Housing Associations we benchmark against

Here is the list of housing associations we benchmark ourselves against, and their stock size.

Name of association	No of homes	Name of association	No of homes
Alliance Homes	6,031	Derwentside Homes	6,668
Bracknell Forest Homes	5,932	Freebridge Community Housing	6,851
Greenfields Community Housing	7,860	Merlin Housing Society	7,782
livin	8,478	Saxon Weald	5,602
Magenta Living	12,445	Severnside Housing	5,276
Poplar HARCA	6,107	Southway Housing Trust	5,850
Rochdale Boroughwide Housing	13,469	Bron Afon Community Housing	7,990
Shoreline Housing Partnership	7,965	Coast and Country Housing	10,402
Town and Country Housing Group	8,035	Community Gateway Association	6,165
Wythenshawe Community Housing Group	13,499	Havebury Housing Partnership	6,040
Ongo	9,724	Isos Housing	10,943
Raven Housing Trust	5,131	Peaks and Plains Housing Trust	5,008
Selwood Housing	5,800	Phoenix Community Housing	5,369
Soha Housing	5,592	Regenda Group (The)	10,457
Aragon Housing Accociation	6,299	Saffron Housing Trust	5,293
CHP	7,987	Trafford Housing Trust	8,722
Cross Keys Homes	9,960	Wandle Housing Association	5,755

We use the following colours to symbolise our performance when compared to other housing associations.

Green indicates that our performance is in the top quartile

Yellow indicates that our performance is in the second quartile and above average

White indicates that our performance is average

Orange indicates that our performance is in the third quartile and below average

Red indicates that our performance is in the bottom quartile

Maintenance and repairs services

It is our aim to maintain the highest customer satisfaction with our maintenance services and by 2020 we want to spend 5% less than the average on housing repairs.

Year on year we have reduced the amount we spend on repairs and have seen our benchmark position improve. A review of team structures, reduction in employee numbers, investment in multi-skilling staff and out-sourcing our stores facility have all contributed to reducing costs without negatively impacting on customer satisfaction, which continues to remain high.

Responsive repairs performance information					
	2016/17	2015/16	2014/15	Target	Top quartile
Customer satisfaction with the repairs service	94%	95%	94%	96%	Not recorded
Customer satisfaction with quality of repairs	96%	96%	96%	97%	Not recorded
% of emergency work completed in target	98.9%	96.3%	98.5%	99.5%	Not recorded
Average number of repairs per property	2.8	3.4	3.5	No target	2.4
Average cost of a responsive repair	£122	£137	£144	No target	£108
Direct cost per property of repairs service	£261	£319	£413	No target	£306

(Source: HouseMark 25 August 2017)

Major work and cyclical maintenance

We have promised to invest in planned maintenance and major improvements so that we visit our homes to carry out repairs no more than three times a year – this is in line with top quartile performance.

We are achieving this. In 2016/17, we were carrying out an average of 2.8 repairs per property.

Major work performance information					
	2016/17	2015/16	2014/15	Target	Top quartile
Customer satisfaction with quality of work	93%	96%	96%	96%	Not recorded
Customer satisfaction with overall service	94%	97%	95%	96%	Not recorded
Customer satisfaction with quality of your home	93%	94%	91%	92%	90.25%
% of properties failing the Government's Decent Homes Standard	0%	0%	0%	0%	0%
Direct cost per property of major work	£689.30	£728	£1,513	No target	£697.79

(Source: HouseMark 25 August 2017)

Empty homes management

We are working hard to reduce the turnover of our homes, which, in turn reduces what we spend on empty homes.

In our 2020 plan, we aim to retain high customer satisfaction for the condition of our homes, but achieve this at the lowest costs. Our benchmarking position in 2016/17 shows we have delivered our service at average cost.

Empty homes performance information

	2016/17	2015/16	2014/15	Target	Top quartile
Direct cost per property	£175.39	£242.18	£234.06	No target	£146.87
Average cost of a void repair	£2,590	£2,680	£2,440	No target	£2,577
Average re-let time in calendar days	26	26	28.2	28	19.15
Customer satisfaction with the quality of their new home	84%	87%	85%	90%	Not recorded

(Source: HouseMark 25 August 2017)

Housing management

Our target is to maintain top quartile customer satisfaction for our housing management services and strive to deliver them at a cost which falls between the average and the third quartile when compared to our peer group.

Overall, we have achieved this in 2016, with our direct cost per property for the whole service reducing from £295 to £272.

A restructure of teams and reduction in staff numbers has contributed to the fall in costs across most areas of the service. Further action is being taken to review our processes and seek further efficiencies.

Housing management performance information					
	2016/17	2015/16	2014/15	Target	Top quartile
Customer satisfaction in overall services	92.7%	94.2%	89.4%	96%	91.3%
Direct cost per property of all Housing Management services	£272.14	£294.56	£313	No target	£233.07
Direct cost per property of Resident Involvement services	£21.90	£25.08	£31.36	No target	£21.03
Direct cost per property of Anti-Social Behaviour services	£52.99	£52.92	£56.05	No target	£29.81
Direct cost per property of Lettings services	£35.93	£46.41	£39	No target	£35.75
Direct cost per property of Tenancy Management	£80.80	£95.65	£110.45	No target	£49.67

(Source: HouseMark 25 August 2017)

In June 2016, we invested £55k in Rentsense and texting software which identifies tenants who fall into arrears in the first week, enabling instant engagement to recover the debt and support the tenant.

The aim was to reduce current tenant arrears from 2.2% to 1.85% in one year and generate savings equivalent to 2.44 full time posts.

Following implementation in October 2016, the reality has been a saving in staff time equivalent to 1.96 full time posts due to a reduction in caseload of 1,452 per week.

At the end of 2016/17, current rent arrears were at 2.37%, some of which is due to the impact of Universal Credit, so further work is needed to bring arrears down. The saving made in staff time through the investment in Rentsense is being used to offset the increase in work that will be created by the roll-out of Universal Credit and other benefit changes.

Income management performance information

	2016/17	2015/16	2014/15	Target	Top quartile
Current tenant rent arrears as % of debit	3.90%	3.68%	3.68%	4%	2.23%
Current tenant rent arrears as % of debit (excluding Housing Benefit)	2.37%	2.00%	1.97%	2.3%	1.11%
Income collected as % of rent debit (including arrears brought forward)	95.43%	95.79%	95.47%	98%	97.39
Former tenant arrears as a % of debit	2.35%	2.20%	2.00%	1.9%	0.70%
Direct cost per property of income collection services and arrears	£80.52	£75	£76	No target	£74.50
Bedroom tax as a % of current rent arrears	24.8%	24.4%	Not applicable	20%	Not recorded

(Source: HouseMark 25 August 2017)

Estate services

Our estate services are delivered at average cost, when compared to others, and customer satisfaction, although high, hasn't reached our target and has dipped slightly in 2016/17.

A review of our services was carried out in 2016/17, resulting in a more efficient structure and reduction of one post – a saving of £30k which will be realised from April 2017.

Estate services performance information					
	2016/17	2015/16	2014/15	Target	Top quartile
Customer satisfaction with their neighbourhood	88.4%	91.9%	89.1%	90.8%	89.7%
Direct cost per property of estate services	£141.68	£123.85	£124.24	No target	£111.33

(Source: HouseMark 25 August 2017)

Overheads

As a percentage of group turnover, our overheads have been reducing, however, it remains our aim to achieve upper quartile performance.

Most of our costs are currently below average. This is with the exception of our office premises which, although reducing, have costs still above average. In 2017/18, we will be relocating to a brand new purpose built headquarters from an old, costly and inefficient building. Whilst we expect a short-term increase in costs to reinstate our current building to its original form, we anticipate our costs for office maintenance to significantly reduce over the longer term.

Overhead costs, as a % of adjusted turnover				
	2016/17	2015/16	2014/15	Top quartile
Premises	1.3%	1.7%	1.3%	1.0%
ICT	2.4%	2.4%	3.1%	2.3%
Finance	1.3%	1.4%	1.6%	1.3%
Central Services	4.8%	5.4%	4.9%	4.3%

(Source: HouseMark 25 August 2017)

CASE STUDY: Investing in technology

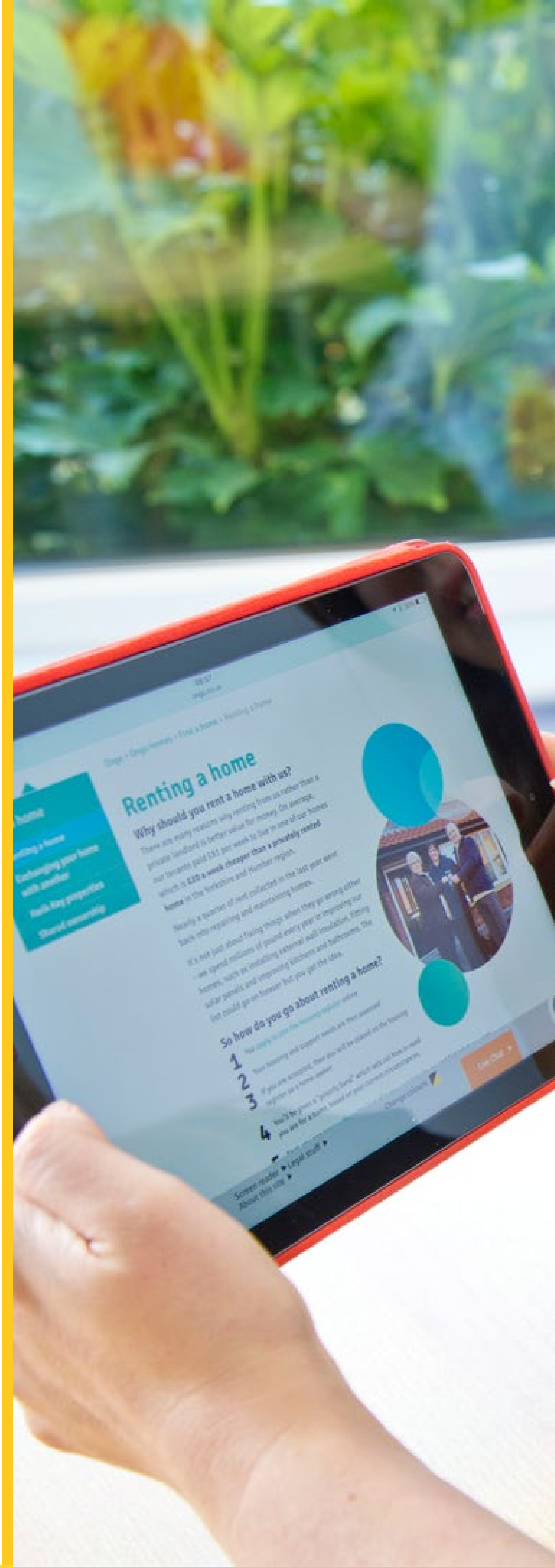
In 2016/17 we invested £208k in a new finance system to replace a system which was no longer fit for purpose. We had been operating an old system which didn't properly integrate with all the parts of our business and failed to report real-time data. It was also inefficient, requiring lots of manual processes and failed to produce adequate reports to challenge and improve performance.

Other significant IT investments included:

- The implementation of RentSense to help us predict, and address early, potential arrears cases
- A full desktop equipment refresh to enable staff to work in a more agile way
- The procurement of an online tenant portal which will be implemented in 2017 and which will enable tenants to access their accounts online, raise repair requests and make payments

Head of IT Mat Ashmore said: "IT projects can come at a high cost, but we are careful to make sure we invest in the right systems which we can be confident will deliver longer term benefits for the business and our tenants.

"Our customers and our staff expect to be able to transact online nowadays and the more we can use IT to strip down cumbersome, paper-based processes and replace them with more efficient digital systems the better it is for us and for the environment."




Barton
Hotel

CASE STUDY:
IT in the community

We use our internal IT expertise to benefit our communities as well as our staff.

In 2016 we connected a community centre in Barton-upon-Humber to our Ongo guest wifi network. This means that not only can our staff log on to their systems when they are working remotely but local residents can access free and reliable internet connectivity.

A secure guest network means our partners, such as the police, health or council, can log on from the community centre too.

We refurbished eight laptops and gifted them to the centre for training and public access.

Future plans

We can say, with some confidence, that Value for Money is embedded across our organisation, with everyone, from Board members to frontline staff playing their part in delivering more value year on year.

At the time of writing this statement, we were almost two years into our 2020 plan and our operating environment has changed significantly.

We have a minority Government and the impending Brexit brings its own level of uncertainties – financially, legally and politically.

And the devastating fatal fire at Grenfell Tower, in London, in June 2017 will inevitably lead to changes in regulations.

As a direct response, we have already pledged to fit sprinkler systems to our four high-rise buildings at an estimated cost of £500k.

We will be carrying out a review of our 2020 plan to ensure that we reposition our organisation, if we need to, to meet existing and new challenges.

We will be also changing our approach to future savings, replacing a target-driven demand for savings, with a new approach to process re-engineering. This means that we will be looking at each of our processes – from end to end – to identify where they can be reduced, improved and made more efficient with the right systems and people.

This starts with our Tenancy First project.

Tenancy First is about adjusting our approach as a landlord so that we are not just sustaining tenancies, but rather creating sustainable tenancies with tenants who pay their rent on time and in full, keep their home in good order and are accountable if they don't.

This will involve changes to our procedures and our conversations.

Our investment in digital services will also continue as we introduce more web services so that tenants can self-serve with confidence and rely less on face to face and telephone conversations.

A final word from our Chair - Matthew Spittles

It has been another successful year for Ongo Homes and it was great to start the 2016/17 financial year with a governance upgrade, following re-inspection, having delivered a detailed improvement plan.

There are strong foundations in place at both board and senior staff level to support continued improvement in the organisation.

Particularly pleasing has been the delivery of high performing services to customers despite a more challenging operating environment and with a continued focus on cost-effectiveness in how those services are delivered.

Our efforts to refine, evolve and improve are demonstrated across a range of service areas, from understanding our assets to managing the impact of welfare reform.

Let us know what you think

We hope you can see that all of us here at Ongo, from our Board members to our staff and Community Voice, are committed to providing the very best homes and services to tenants and that we are always happy to listen and willing to learn.

There are loads of ways you can contact us. So if you have an idea, or a grumble, then please get in touch.

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