



VALUE FOR MONEY STATEMENT 2012/13

Executive summary

Octavia Housing is one of the country's oldest housing associations. Our work derives from Octavia Hill the Victorian pioneer of social housing. In line with her wider vision to make "Individual lives noble, homes happy and family life good" we still consider our role goes beyond the provision of accommodation.

The Board consider VFM on a regular basis, both as a standalone item and as part of the consideration of wider aspects of our work. These considerations are informed by a long standing commitment to extensive resident engagement, which includes involvement at Board level and a strong resident voice on our Services Scrutiny Panel, and which helps determine an appropriate balance between service improvement, growth and cost efficiencies.

How decisions are made about competing resources

The association's resource allocation process centres on deliberations over the corporate plan and our long term financial forecasts. Both are designed to support the association in meeting its overall objectives. These major plans are supported by an annual budget, development strategy, care strategy, asset management strategy and service improvement plans.

Optimising our return on assets

With nearly all of our homes in areas that now have high property values the rental income charged by the association is significantly below that which would theoretically be chargeable in an open market environment. This means that the social dividend on what we do is substantial. Our ambition is to develop a sustainable portfolio of homes for the long term. This means that development is not simply to produce financially satisfactory projects but to produce places that are attractive for the long term. We work closely with a number of inner London property developers to ensure that the homes produced through section 106 agreements are of a good standard.

We are active in managing both our property portfolio, and have made a number of disposals in the past year, and also our loan book. In the past twelve months we have implemented a number of changes to our funding arrangements that have resulted in substantial cost savings

Performance management and scrutiny functions

The Board considers operational performance each month. The suite of 72 performance indicators is comprehensive and covers all areas of work. Performance on the majority of key indicators last year was in the upper or upper median quartiles compared to peer providers.

The Board is supported by a series of committees and panels each of which include residents, independent experts and Board members. Effective resident scrutiny has played an influential part in improving performance.

The costs and outcomes of service delivery

The cost of service provision is checked against indicators produced by Housemark. Costs compared to the previous year were stable in most areas with the one exception being cost per property on major works and cyclical maintenance where we took the decision to invest further in planned works in anticipation of long term savings.

Our routine repairs and gas servicing contracts included options to review after five years. We have taken the opportunity in the past twelve months to challenge the value for money of the service and introduced a price per property funding approach which has resulted in an estimated saving of £260,000 compared against the 2012/13 repairs budget.

We consider service outcomes in many ways but perhaps the most direct measure of outcome is resident satisfaction. In 2013 we commissioned BMG Research to conduct our first STAR satisfaction survey. The findings showed improvements on all indicators. Under Housemark benchmarking our resident satisfaction scores place us the upper or upper median quartiles compared to others.

Beyond the financial the core of our work has a 'social' value. We established, support and work closely with the Octavia Foundation which runs a variety of community projects that help to build local community life and supports people in disadvantaged situations. During 2012/13, 1,200 local people and Octavia residents were supported through the Foundation. Our Care and Support services also provide essential support and help to elderly and other vulnerable residents. Each of these projects helps to sustain tenancies and support independent living.

Planning ahead

Value for money is central to all aspects of Octavia's work. In planning ahead the key areas that we are working on include: investing in improving the energy efficiency of our buildings; reviewing further how we can develop new homes whilst retaining a genuinely 'affordable' rent policy; reviewing our work tackling tenancy fraud to safeguard scarce social housing; and retaining a focus on welfare reform and supporting residents through the changes so they sustain their tenancies.

1. Introduction

The Homes and Communities Agency, which regulates the work of housing associations, requires that each year each association produce a self assessment of their approach to Value for Money (VFM). This document fulfils that purpose for 2012 / 2013 and is the first such assessment. We have set out below our understanding of the term and our approach to Value for Money along with examples where appropriate.

Octavia's Board consider VFM on a regular basis, both as a standalone item and as part of the consideration of wider aspects of our work. It is our intention to review the approach adopted by other associations once the first round of such statements has been completed (after September 2013) with the intention of developing and improving our own approach in future years.

Attached to this statement, at Appendix One, are the Regulatory expectations on VFM, and:

- Section 2 below gives an overview of Octavia and our broad approach to VFM;
- Section 3 describes how Octavia makes decisions on the use of resources and how it reconciles the various competing demands;
- Section 4 describes our approach to optimising the return on assets, including how we review alternative models and gives some examples of the work that we are doing to improve performance or reduce costs, in pursuit of our overall objective. The section also discusses the return on assets which the association achieves;
- Section 5 describes the performance management and scrutiny functions and refers to some of the work that has been undertaken by them in delivering improved VFM;
- Section 6 deals with the costs and outcomes of a number of services, which factors influence these costs and how they do so. The section also sets out some examples of where alternative approaches have improved VFM in the last period and the value for money gains that have been and will be made over time; finally
- Section 7 describes the focus of some of our planning in terms of VFM.

2. Background

Octavia Housing is one of the country's oldest housing associations. Our work derives from Octavia Hill the social reformer who, in 1865 persuaded John Ruskin to invest £750 in securing three houses in Marylebone to be used as homes for the poor. Those same houses today sell for seven figure sums.

Many of the properties that Octavia Hill developed and acquired over the following forty seven years of her life remain in our ownership. These have been added to by her successors who have concentrated on the provision in inner London of homes for those on low incomes. In line with our founders original ambition we still consider our role to be one that goes beyond the provision of accommodation. We provide a range of care and other support in an integrated set of services that address a wider need. In meeting our objective we work closely with the Octavia Foundation, an independent charity that provides services to Octavia residents and others in the local community. We support the work of the Foundation but without recourse to monies raised from residents.

As a result of our history and husbandry, we now own and manage a property portfolio of 4,000 homes in the most expensive boroughs in the country - Kensington, Westminster, Hammersmith and Fulham, Camden, Southwark and Brent. These are locations where capital values are high and where there have been real value increases over the last few years. Furthermore in each of these areas the need for affordable housing far exceeds supply. The portfolio of homes that we manage is irreplaceable as a social asset and the Board take seriously their responsibilities to future generations to manage the stock efficiently in a way which preserves the buildings, meets the needs of residents, supports Local Authority partners in meeting their legal obligations, and which also represents excellent Value for Money.



Perhaps unsurprisingly given our heritage, our broad approach to value for money is to take a long term perspective. Our ambitions are to provide top quartile performance levels at average costs; to invest in all of our homes ensuring they are desirable for the long term and to develop a staff team that is well trained and motivated. We aim to provide an efficient and friendly service and also one which is responsive to changing needs. Our approach is to develop long term supplier relationships where mutual understanding can develop, but at the same time to couple this with regular and detailed market testing mechanisms to ensure that relationships do not become stale or costs out of line with best value.

Our aim is to grow our portfolio by building on an objective of being responsive housing managers and establishing strong relationships with Local Authorities, development partners and others built on trust. Through this approach we aim to expand the number of homes we provide whilst maintaining rents at levels that are within reach of those we aim to house and without those individuals having to have excessive recourse to benefit. We take our understanding of Value for Money to encompass not simply the organisation's own narrow financial focus but also the wider public sector costs and benefits of social provision. The development programme seeks to get the most out of the grant we are allocated and the management of our property portfolio recognises the responsibilities and costs that Local Authorities incur when nomination rights are lost through stock disposals and the costs to individual families of the disruption from having to relocate.

The association has a long standing commitment to extensive resident engagement, including involvement at Board level, a strong resident voice on our Services Scrutiny Panel, and through a diverse range of project groups, which it uses to strengthen all of its service reviews to ensure that we are securing an appropriate balance between service improvement, growth and cost efficiencies.



3. How decisions are made about competing resources

The association's resource allocation process centres on the corporate plan and our long term financial plans. Both are designed to support the association in meeting its overall objectives originally voiced by Octavia Hill as being to make "Individual lives noble, homes happy and family life good" The core plans are supported by an annual budget, development strategy, care strategy, asset management strategy and service improvement plans.

The process is determined by the Board – who set the overall ambitions and direction and monitor progress. They are supported by a series of groups including a Service Scrutiny panel of residents, board members and independent experts, and who examine individual aspects of service provision. Alongside the Services Scrutiny panel the association operates a development panel, that ensures that all major capital investments are scrutinised not only from a financial perspective but that they will also produce "good places to live", a resident steering group and a series of resident groups, which consider a wide variety of different aspects of our work and various working committees that focus on individual key decisions around development and treasury.

The day to day operations are managed by the Directors team which is also responsible for detailed capital project assessments (to an agreed threshold) within the broad framework set down by the Board and the management of operational activity.

The process of resource allocation is determined through an annual planning cycle which involves Board members, external stakeholders, residents and staff members across the organisation with outcomes and performance reported against key indicators and financial performance criteria each month.



4. Optimising our return on assets

As explained in the introduction the association manages its assets with a long term perspective. We aim to keep our homes to a good standard, our estates well managed and with improvements made over time. The association is developing this theme under a banner of “proud of every property” .

4.1 Decent homes

All of our homes meet the Decent Homes Standard.

4.2 Affordable rents

Overall the rental income charged by the association is significantly below that which would theoretically be chargeable in an open market environment. The association’s rents vary depending upon when tenancies were granted and our ability to harmonise these is limited by regulation. According to a detailed study undertaken by Jones, Lang, LaSalle in 2013 the average unit value is approximately £400,000 and the average rental some 28% of market rental. These figures are primarily a function of the changes to the wider housing market.

Our approach to affordable rents has been guided by our objective of housing those in most need and consistent with the housing benefit regulations.

4.3 Commitment to social housing in expensive areas

Octavia’s long term commitment to affordable homes in inner London goes back to our earliest days. Even then, however there was significant competition for properties. Octavia Hill wrote in 1888 on the problems of finding homes: “but where are the poor to live...”. While fully cognisant of the fact that much of the stock could be sold and a larger number of homes provided elsewhere such a move on any scale would run counter to our long term objective of supporting those on low incomes to live close to their work and their communities and yet to do so without any significant additional cost to the public sector.

In the last year we commissioned and published research from the LSE on resident views on living in high value areas on low incomes. The report highlighted some of the hidden benefits to individuals and also to the public sector of mixed communities in London:

‘Tenants believe that social housing in expensive areas is vital to retaining a social mix and building an inclusive society. They think that their children benefit from attending schools in these areas and aspire higher as a result. Tenants worry that moving to other cheaper areas would damage their work chances and their children’s education. They would lose local support.’

‘Divided City?’, LSE, 2013

While we regard it as fundamental to our mission to be working in the areas where we do there are wider social and financial justifications for preserving an inner London portfolio of properties. The Local Authorities where we operate all have substantial housing obligations and each social housing disposal in inner London results in consequential cost elsewhere in the public sector. Furthermore in a low wage economy it is increasingly important that there is a stock of affordable homes for those that work and have family support networks in inner London. The savings which flow from the ownership of our properties, when measured against the alternative costs of housing families in temporary accommodation – is substantial and unlikely to decline.

The social dividend on what we do is thus substantial. At its most simple, and as described in more detail in the Association's annual accounts, the gap between the Association's rent charges and the theoretical market rent on our homes is equivalent to a social return on the £198 million of grant funding invested by the state of 25% per annum

'If you live around here, you can see that there are people who look like they're doing well, you can see that it's possible to achieve it – you can see it. But when you're in an area where everyone is at the bottom, it's a bit hard, you don't see nothing.'
Resident, LSE research

'The area is quite friendly, quite relaxed. Even Portobello Road, it's not like it used to be, you haven't got All Saints Road which used to be a no-go area...when they spend money in an area it brings it up and makes people respect the area more.'
Resident, LSE research

4.4 Targeted disposals / a local landlord

Notwithstanding our overall position there are still substantial opportunities that arise simply by virtue of working in the areas where values are high and the association is active in managing its stock of assets to realise these gains.

In the past few years we have transferred properties which were outside the main area of management to other associations. Our processes now allow for a review of the potential for disposal of individual units as and when they become available. In 2012 / 2013 we disposed of six units, five because the costs of repair were disproportionate to the long term value and where the units themselves, even after repair would have been unattractive, and a further unit was sold because it was the last remaining flat in a block where all of the others had been sold under the Right to Buy and where maintenance costs were high relative to value. In addition we disposed of a small piece of undevelopable land and sold a small property right; in total these last two transactions raised £103,000.

At the end of the year Octavia has two further properties which it is holding for disposal. One in Hammersmith is undergoing development works with a view to maximising the return on disposal, the second is being held pending redevelopment of an adjacent infill site that will again ensure we maximise the return. During the year the association completed an exercise to review all possible developments on small pieces of land and planning investigations are now under way. Permission has already been granted for the development of two four bedroom houses on an estate in Kensington which will be for the benefit of the Local Authority.

4.5 Stock management

Octavia has undertaken a number of stock management activities over the past year. We completed the redevelopment of Waites Court, replacing a worn out 1970's building with new, energy efficient homes. Through the inclusion of some shared ownership into the scheme the whole project was undertaken and generated a financial surplus. During the last twelve months we secured planning permission to redevelop the site of the Kensington Day Centre. This will provide a new local facility and 13 accessible flats for the authority in place of homes that had reached the end of their useful lives.

During the year we have redeveloped a former day centre for the elderly in Maida Vale and through restructuring a building we have been able to re-provide the centre and also to provide a dementia unit of five homes. The redevelopment meets a defined need of the Local Authority who funded the works through grant. We have also secured planning permission for the conversion of part of our main office building from offices to a day centre for older people. By adjusting the use of office space for staff we have been able to create the opportunity for an additional local facility without needing to acquire additional buildings. Finally we are working with the Local Authority on proposals to redevelop a block of homes in Kensington at the same time as the Authority redevelops an adjacent site. The project is currently at a planning stage and if it proceeds will be undertaken as a joint venture.



4.6 New homes

Our approach to new provision is to review each site to determine the most economic form of development. For the scheme at Sulgrave Gardens which completed during the year the proposals include low cost rented homes, shared ownership and outright sale. All of the properties are to passiv haus standards and will result in significantly reduced energy costs for the user. With the combination of sales of high value units the scheme has been economically viable.

Octavia's ambition with development is not simply to produce financially satisfactory projects but to develop places that are attractive for the long term. We partner with other associations to reduce costs (we lead the Connected development partnership) and provide agency services to a number of smaller associations, which enables us to both recover some of our costs and assist them in utilising development capacity. The association works closely with a number of inner London property developers to ensure that the homes produced through section 106 are of a good standard and will be attractive for the long term.

Octavia has employed a number of innovative approaches to development and also to the funding of the development programme. We have in place a series of loan facilities at attractive financial margins but which are potentially restrictive in terms of our overall development capacity in the long term. To address this problem the association has set up a separate subsidiary (Octavia Living) which undertakes development which include outright sales and another subsidiary (Octavia Hill Ltd) as part of a strategy for undertaking additional development once the gearing limit in Octavia Housing has been reached.

Both of these organisations are controlled by Octavia Housing.



5 Performance management and scrutiny functions

Performance management in the organisation is ultimately the responsibility of the board. As set out in section 2 above detailed monitoring is undertaken by the Directors group, Service Scrutiny panel, the Development panel, an Audit Committee, Health and Safety group and also by the Treasury group when individual transactions are under consideration.

Each of the groups reporting to the Board has an interest in value for money. The Board consider an annual report on VFM and use Housemark reporting to support their understanding of relative costs. Fundamental to the Boards approach is the use of resident involvement to ensure that we are, as far as possible, providing services that residents require and in a manner which is cost effective. The Services Scrutiny Panel undertake scrutiny of key service areas based on assessment of residents' priorities and if performance is falling short in particular area; the Panel report their findings directly to the Board.



5.1 Quartile 1 performance

We report on performance to the Board each month. The suite of 72 performance indicators is comprehensive and covers all areas of work, notably: income; lettings; repairs; planned works; anti-social behaviour; estate services; home ownership; development; care; health & fire safety; human resources; and resident satisfaction. Figure 1 provides a summary of performance for key indicators:

Figure 1 – performance on KPIs

Performance Indicator	Housemark (London)	2012/13	2011/12	Target	Within Tolerance	Rating
Rent collection as % of rent due (GNs)	Median – 99.6% Top quart – 100.2%	99.97%	99.6%	100%	✓	☹️
Rent arrears as % rent due (GNs)	Median – 5.2% Top quart – 4%	5.49%	5.6%	4.8%	✓	☹️
Shared ownership rent arrears as % rent due		1.8%	2.1%	2.1%	✓	😊
Standard voids – average re-let time (in days)	Median – 25 Top quart – 19	16	37	25	✓	😊
% of emergency repairs completed on time	Median – 99% Top quart – 100%	99.4%	99.6%	99%	✓	😊
% of urgent repairs completed on time	Median – 97% Top quart – 98%	98%	98%	98%	✓	😊
% of routine repairs completed on time	Median – 97% Top quart – 98%	99%	99%	98%	✓	😊
Works completed under capital programme		264	243	271	✓	☹️
Average time to complete major adaptations (in weeks)		13	10	12	✓	☹️
Responses to ASB cases reported within target time		98%	91%	90%	✓	😊
Number of complaints received (monthly average)		10	9	10	✓	😊
Average speed of phone calls pick up in seconds (switchboard)	Median – 24 Top quart – 12	12	12	15	✓	😊

Outturn and benchmarking data (where available through Housemark) is provided to Board at the beginning of each year in order to set challenging and VFM targets for the coming year. Our ambition, as stated in our Corporate Plan, is for our performance to be top quartile compared to peer providers. We want to improve year on year through efficiencies that continuously contribute to our commitment to VFM. In 2012/13 particular successes included:

- Improving our average voids re-let time from 37 days in the previous year to 16 days, thereby maximising supply and minimising our void loss performance.
- Maintaining stable performance on rent collection despite the tough economic climate impacting on our residents. Even with the first stages of welfare reform being rolled out, our rent collection performance is holding steady in 2013/14 thus far.

5.2 External quality assurance

In addition to our own internal performance reporting, we believe there is great value in having a continuous external check on the quality of our service. We are members of Quality Housing Service (QHS), an external quality assurance scheme, who carry out customer polling on our services throughout the year and carry out desktop audits every six months. The results from our last 2012/13 audit in January 2013 were excellent. Our overall average score increased by 2% to 94%, furthermore:

- We remained the top scoring London-based Registered Provider within QHS.
- We improved to second overall (out of 48) of all QHS members nationally.



Figure 2: summary QHS dashboard scores

5.3 Resident Scrutiny

Effective resident scrutiny has played an influential part in improving performance, and has engaged residents directly in the discussions on where we should focus our improvement work given our finite resources. To help determine what are priorities for residents, and therefore the service areas to be looked at by our Services Scrutiny Panel:

- We asked residents attending our annual (and largest) resident event called *Yourspace* to vote on their top priorities for service improvement;
- The findings from this resident vote were discussed at our next Tenant Steering Group (our main resident involvement group) meeting;
- The findings from the *Yourspace* vote, views of the Tenants Steering Group, and the findings of our other main resident feedback work (including satisfaction surveys and learning from complaints) were brought together for discussion at the next Services Scrutiny Panel meeting to inform their decisions on which service areas to scrutinise in the coming year.

In 2012/13, resident involvement and scrutiny have been particularly influential regarding:

- Flexible repairs appointments – the Services Scrutiny Panel looked at the systems for appointments of our main contractors. They made recommendations regarding flexible methods of contact and had to consider the implications for recommendations to extend appointments out of hours and engage with some of the limitations on this until contracts are re-negotiated.
- Noise nuisance – the Services Scrutiny Panel checked our responsiveness to reports about noise and the satisfaction of complainants with the service. Again Resident Panel members had to consider the different demands on resources as some of the possible building solutions were costly and could divert resources from elsewhere, as opposed to more modest solutions such as better communication, mediation and remedial measures.
- Welfare Reform - the Tenant Steering Group and the Services Scrutiny Panel received a number of updates throughout the year on changes due to welfare reform and our plans to support residents through the changes. Their feedback greatly enhanced our welfare reform communication strategy.



5.4 Development Panel

While the Board approves the overall development strategy and scrutinises all major projects, the Development Panel, which includes residents, independent experts and Board members, deals with more detailed matters. In the past twelve months the panel have:

- Scrutinised the progress on all projects in development and considered the reasons for and any lessons arising from schemes with cost overruns;
- Completed an annual review of resident satisfaction on recently completed projects;
- Considered research into design issues and also addressed the best ways of involving residents in the design process for schemes; and
- Reviewed the operation of the Connected partnership.

5.5 Audit Committee

The Audit Committee undertakes a scrutiny function on behalf of the Board and reviews internal systems and improvements to controls. The Committee work closely with independent Internal Auditors on a programme of work that covers all of the association's activities over time and they receive as part of each internal audit report a comparison on our control system as against other organisations.

During the year the Committee oversaw the re-tendering of our external audit service which resulted in a change of auditors and savings on the audit fee of 20%.

5.6 Treasury Task and Finish group

The Treasury task and finish group have met over the past twelve months and overseen a number of major transactions designed to improve the cost effectiveness of our Treasury function. In March 2012 the association took advantage of a short term market position that saw a variation in the rates of interest payable on loans fixed for one month and six months. As a result we were able to secure overall cost savings of £215,000 over a two year period.

In May 2013 an interest rate "swap" transaction was completed with another association. Completion of this transaction which had been under discussion for some months resulted in savings to the association of £240,000 (being a saving of £10,000 per annum over 24 years) as against the rates that would have been payable had we used the traditional banking route.

During the year the association agreed the extension of the revolving credit element of one of its loan facilities. The overall savings from this transaction depend on when funds are re drawn and investment rates but savings in the first year (of five) are anticipated to be in the order of £25,000

In the last twelve months the Board authorised entering a loan agreement with EIB linked to the construction of energy efficient buildings. The rate payable on the facility is below that which would be payable on a conventional bond and, based on rates at September 2013 would result in reduced costs of over £100,000 per annum against a conventional facility. The loan is for 25 years.

6 The costs and outcomes of service delivery

This section looks at the cost of our key services, which factors influence these costs and how they do so. We also set out some examples of where alternative approaches have improved VFM in the last period and the value for money gains that have been and will be made over time.

6.1 Service provision

6.1.1 Service costs

In terms of operational activities (as set out above in 5.1) the board set standards of performance and annually allocated resources. Performance is monitored monthly against a comprehensive set of indicators and the cost of service provision checked against indicators produced by Housemark. Services are reviewed on a regular basis and a detailed assessment for the purposes of continuous improvement undertaken annually. The Board also monitor satisfaction levels and resident feedback.

Our performance compared to peer providers is set out in 5.1 above. Housemark cost comparison for 2012/13 is not available until November. We will analyse that data when available and target any areas where we are in lower quartiles for investigation and improvement. Our topline costs overtime is set out in Figure 3:

Figure 3: Costs in key service areas (£s per property) 2012/13 compared to previous year

Cost	2012/13	2011/12
Housing management (service provision and management)	649.92	622.63
Responsive repairs and void works (service provision and management)	1225.56	1364.63
Major works and cyclical maintenance (service provision and management)	2021.85	1468.47
Estate services (service provision and management)	364.15	357.38

Our cost per property on major works and cyclical maintenance is the one area where costs have increased significantly compared to the previous year. This reflects our commitment to invest in homes and on the profile of our stock (we have a large proportion of street properties, many built in the Victorian era). In 2012/13 we carried out cyclical works across 500 homes, and replaced 75 boilers / 84 kitchens / 75 bathrooms.

6.1.2 Service outcomes / resident satisfaction

We consider service outcomes in many ways. For example, we gather resident feedback together in a quarterly report to Directors, we measure the well being of Care residents using the Star well-being self ratings, and last year we evaluated the Octavia Foundation's Employment and Training programme using the Social Return On Investment method. However, perhaps the most direct and explicit measure of outcome is resident satisfaction.

Early in 2013 we commissioned BMG Research to conduct our first STAR satisfaction survey; our first large scale randomised survey since our 2010 STATUS survey. The findings showed improvements on all indicators, in many instances substantial improvements. Satisfaction with our overall service

improved to 80% (+12%). These outcomes evidence real impacts made to our service over the last 3 years, in particular to the repairs service. Satisfaction that rent provides value for money also improved significantly to 80% (+10).

Figure 4: STAR survey (by BMG Research) topline scores

Question	2013	2010	+ / -
Taking everything into account, how satisfied or dissatisfied are you with the service provided by Octavia Housing?	80%	68%	+12%
How satisfied are you with the overall quality of your home?	77%	74%	+3%
How satisfied are you with your neighbourhood as a place to live?	86%	80%	+6%
How satisfied are you that your rent provides value for money?	80%	70%	+10%
How satisfied are you that your service charges provides value for money?	66%	-	n/a
Generally, how satisfied or dissatisfied are you with the way Octavia Housing deals with repairs and maintenance?	71%	65%	+6%
How satisfied or dissatisfied are you that Octavia Housing listens to your views and acts upon them?	62%	50%	+12%

Under Housemark benchmarking our resident satisfaction scores are in the top or upper median quartiles compared to other London based Registered Providers. All of our satisfaction scores are in the top quartile compared to the L9 (a peer group of similar sized organisations based in London).

6.2 Staff and services

Our overall aim in managing the HR aspects of the organisation are to recruit, retain and develop well qualified staff. We are strongly supportive of staff development and were a member of the Times 100 best employers group when we last entered the survey in 2012.

An example of our approach is in asset management. This is a key service for residents but it is also an increasingly complicated and regulated. We reviewed the options and concluded that the use of external consultants was a potentially expensive and unsustainable route. For example the introduction of the Regulatory Order for Fire Safety requires that Fire Risk Assessments (FRA's) are renewed or reviewed at regular intervals. We employed our own Fire Safety Officer to oversee the assessment programme and to undertake high and medium risk FRA's. In addition we have trained our building inspectors to undertake low and some medium risk FRA's. This work is done while they are undertaking site supervision duties on major works programmes. As well as optimising the use of staff and saving money, the strategy has brought added bonuses, we have improved the skills of our work force, and the Fire Officer has assisted in writing Fire Safety Policies and awareness training. This has also raised the profile of H&S across all staff and we have been able to use his skills to assist with the introduction of policy to keep our communal areas clear. Our approach has saved over £50,000 a year against the fees quoted by external providers.

Staff training means that we are now able to undertake a wide range of statutory checks in-house including, where appropriate, those relating to gas and electrical safety. In the last twelve months we have employed an apprentice to assist with some of these programmes of work.

During the year we have made a series of adjustments to the staffing structure in various parts of the association. For example we moved to a joint procurement of a lead health and safety officer with another housing association, resulting in savings of £15,000, restructured a number of aspects of our Care and Support services by reducing the number of staff working nights through the use of more technology and brought in-house the property sales function. This last change resulted in improvements in the processing time and meant that all of the private sale units for the scheme at Sulgrave Gardens were agreed within six weeks of completion.

Octavia sets salaries linked to the median payable as advised by an independent consultant. These are reviewed on a three yearly basis.

6.3 Repairs and stock investment

Our routine repairs and gas servicing contracts included options to review after five years. Although resident satisfaction with the repair service has improved year on year over the period of the existing contract we have taken the opportunity in the past twelve months to challenge the value for money of the service and to further improve the service offered. In doing this we have remodelled the way we worked and introduced a Price per Property funding approach to cut down on administration. We have also introduced Open Book accounting which allows for shared saving with the contractors to encourage on-going cost efficiencies.

The new contracts have resulted in estimated savings of £260,000 on the cost £2.8 million 2012/13 repairs budget. An annual 2% reduction target has also been included in the programme which could deliver up to £500,000 over the remaining 5 years of the contract.

Procurement is extremely expensive and time consuming. We have implemented a number of strategies for minimising these costs and improvement in the quality of service delivered to our residents. These have included making use of established procurement clubs and entering into long term partnering contracts, supported by challenging performance indicators and shared reward systems to incentivise our Partners to deliver innovation. An example of this is our Kitchen and Bathroom contract where we undertook a marketing exercise this year for a new three year contract. The same contractor was chosen having the best price and quality submission but with significant year on year cost reductions. We estimated a saving of £117,000 over the 3 year contract, based on the original tendered figures.

In addition to the normal maintenance of buildings Octavia has a long term commitment to enhancing the homes we manage in line with changing expectations and also as part of a strategy designed to protect public investment. In the past twelve months we have been investing through our cyclical programme, the kitchens and bathroom programme and an Energy improvement pilot.

Each programme is procured with care taken to strike the correct balance between cost and service level. Where possible we aim to batch works of different types together and we aim also to batch properties in the same area. In the past twelve months we have undertaken a pilot scheme as part of developing a cost effective approach to improving energy efficiency. In order to minimise costs we have:

- Focused on doing works to sub-standard properties whenever they become void;
- To undertake other works as part of cyclical maintenance programmes;
- And to undertake insulation works when we are fitting new kitchens and bathrooms.

This batching of work can have a major impact on cost.

At the same time through establishing a programme of works that will cover all of those properties that do not meet the Good energy rating standard established by the Board as the correct level required for our stock, we have been able to approach energy companies and secure a major funding agreement with one supplier that will fund a significant proportion of the costs through grant. In total the grant agreements, which are all subject to surveys, will potentially produce income in excess of £500,000. This could only have been secured by taking a long term perspective.

6.4 Service charges

The association has had in place a major review of service charges over several years. The focus of the review has been to ensure that costs are properly allocated and recovered. As a result of this exercise we have reduced the deficit on service charges between 2011 / 2012 and 2012 / 2013 from £341,000 to £20,000.

6.5 Legal and Insurance costs

In the past twelve months we have undertaken detailed cost reviews of both legal services and insurances. Identifying precise cost savings from each is difficult since these will be a function of the future level of work. However our estimate is that based on the level of legal fees incurred last year the new rates would save some £30,000 per annum. We have also joined Housing Association Legal Alliance (HALA), and will benefit from the power of joint procurement for the future, can access free legal training and also some free legal helpline advice.

In the case of the property insurances the process of detailed tender review has resulted in cost savings of £70,000 per annum for a three year agreement.

6.6 Business continuity

Following a review during the year of existing arrangements Octavia revised its approach to Business Continuity. This has resulted in a substantial reduction in the time required to restore services in the event that the main head office building were to become unusable from 24 hours down to 2 hours. The change has been made at no additional overall cost

6.7 Information technology

During the year the association completed the first stages of a programme of work designed to automate processes where possible. Residents are now able to access statements on line, review progress with repairs and to monitor CRM transactions. They are also able to report repairs and other service items. In the past twelve months we have extended the use of IT in terms of monitoring arrears processes and in using mobile technologies to contact residents in arrears. This programme of work will continue for a number of years



6.8 Other efficiencies

We made efficiencies in a number of other areas:

- We have invested time and resources to understand and respond to the impact of welfare reform. In 2012/13 we had 4 evictions compared to 11 in the previous year, evidence of real impact from our work which included increasing personal contact and promoting debt and benefit advice services.
- We employ a Resident Liaison Officer to help new residents settle into their tenancy. We also employ a Housing Caseworker to support existing residents who need additional help to sustain their tenancy because they are elderly, have a disability or have some other vulnerability. These valuable roles help residents to sustain their tenancies and save the public sector substantial costs by preventing tenancy break downs.
- Our IT department has brought substantial parts of its work in house that was previously outsourced with resulting substantial savings. The change has also brought in more skills in house and made the service more responsive.
- Recently our Development Department started to benchmark its work on tendering with Connected partners. This will give us insights into improvements that we can make.

6.9 Added value

Octavia established and works closely with the Octavia Foundation which runs a variety of community projects that help to build local community life and support individuals. During 2012/13 they were able to help 1,200 local people, Octavia residents and others.

- Our Employment and Training programme supported 130 residents and local people into work, training, volunteering, work placements and to be more job ready. We carried out Social Return on Investment research on the work of the programme and found that for every £1 spent on the programme £4.12 was generated for the local community.
- We started our Apprentice scheme, placing young Octavia residents with different departments in Octavia so they can learn new skills and build confidence.

- The Acorns project helps local people to develop their potential as future community champions. During the year we supported five individuals with projects ranging from taking up education and work opportunities, to setting up new office space.
- Our befriending service supports older people and vulnerable adults over the age of 50 who live in Westminster. Last year we recruited new volunteers and matched 43 people who were experiencing loneliness and isolation with volunteer befrienders.
- The Debt and Welfare Benefits Advice service (delivered through the Citizens Advice Bureau) helped 164 residents to manage their debts and maximise their income.
- The Foundation provided 120 residents with welfare or education grants.
- Our Handyman service provides a free service to elderly residents with small jobs that are normally not a landlord's responsibility. Last year 274 residents used the service.

The Care and Support services provide essential support and help to elderly and other residents so they can remain in their homes:

- Our four extra care schemes combine independent living for older people with the benefit of 24 hour care and support. All four schemes met the high standards required of them at their yearly Care Quality Commission inspection.
- Around 100 older people regularly attended our two day centres – The Quest and Kensington Day Centre. Our floating support service helped 123 older people living in Westminster and Kensington & Chelsea, and we completed 29 major home adaptations to help Octavia residents to continue living independently.
- In Westminster, our outreach service supported 350 older people and vulnerable adults over the age of 50.
- During 2012/13, we carried out a satisfaction survey with people who use our care and support services which showed that our care and support services have an overall customer satisfaction rate of 93%. We use a STAR well-being rating with residents living in our extra care schemes with the majority of residents rated their well being as having significantly improved since moving into the scheme; the overall average score being 8 out of 10 .

7. Planning ahead

In planning ahead the key areas that we are working on are:

- An increased use of technology to enable staff to be more mobile and to allow residents to complete more transactions directly on line. Under the banner of “Smarter Working” residents can already undertake a range of activities digitally and we expect this to increase substantially over the next few years. We anticipate that greater use of technology will allow us to increase contact with residents and reduce the costs of administration. We are also investing in the use of new technologies to reduce costs in the operation of our Care schemes and in gaining a greater understanding of our property stock.
- We are currently investing £1.5 million per annum in improving the energy efficiency of our buildings and anticipate this programme continuing for up to ten years. We have been successful in leveraging in significant amounts of grant to meet the costs of this programme from energy suppliers and we are intent on making best use of available funds. We are also concerned that we programme the works in the most effective ways to secure best value.
- We continue to review the development programme and the ways in which we can manage our treasury activity, so that we can continue to provide additional accommodation notwithstanding the sharp reductions in grant and our ambitions to retain a rent policy that maintains rents that are genuinely affordable to those in greatest housing need.
- We will review our work tackling tenancy fraud to work more closely to local authority partners and ensure we are thorough in investigating all suspected cases and employ all the tools available to us. This investment has huge benefits to the sector to ensure that scarce and valuable social housing resources are provided to those in need.
- We will retain a focus on welfare reform and supporting residents through the changes so they sustain their tenancies. We plan to segment those affected by welfare reform into risk groups so we can target our service. We have recently commissioned research by GRE Consulting on residents’ awareness of and potential responses to the reforms; this will help us greatly to target out communication and support services.

Appendix 1 - Value for Money standard

Required outcomes

Registered providers shall articulate and deliver a comprehensive and strategic approach to achieving value for money in meeting their organisation's objectives. Their Boards must maintain a robust assessment of the performance of all their assets and resources (including for example financial, social and environmental returns). This will take into account the interests of and commitments to stakeholders, and be available to them in a way that is transparent and accessible. This means managing their resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering on - going improvements in value for money.

Specific expectations

1.1 Registered providers shall:

- have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade offs and opportunity costs of its decisions
- understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives
- have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

1.2 Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives.

The assessment shall:

- enable stakeholders to understand the return on assets measured against the organisation's objectives
- set out the absolute and comparative costs of delivering specific services
- evidence the value for money gains that have been and will be made and how these have and will be realised over time

Extract from the "Regulatory framework for social housing in England from April 2012" published March 2012