

# GUILDFORD SUNSET HOMES

## Report of the Board of Management

### VALUE FOR MONEY STATEMENT

The Regulator of Social Housing has introduced seven metrics to measure economy, efficiency and effectiveness on a comparable basis across the sector. As per the regulator the VFM metrics is the most appropriate set of measures to capture performance across the sector in a fair and comparable way and in ensuring that it is in accordance with FRS102 requirements.

This will enable stakeholders going forward to not only review the performance of Guildford Sunset Homes (GSH) to previous years, but also compare our performance to that of our peers.

The Association has limited availability for development opportunities and the reinvestment and new supply delivered metrics reflect this. The benchmark compares GSH to the 2020 sector scorecard results for Associations with less than 2,500 units.

#### Metric 1 - Reinvestment %

GSH looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.

31 March 2021	31 March 2020	Benchmark
0.93%	0.21%	5.60%

#### Metric 2 - New supply delivered %

GSH sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

	31 March 2021	31 March 2020	Benchmark
New supply of social housing units	0%	0%	0.7%
New supply on non social housing units	0%	0%	0%

The Association has detailed plans to develop new properties at the existing site however this is not expected to create a new supply of units until 2022. The Association has received planning permission from the local council to add twenty five new one bedroom units on site.

#### Metric 3 - Gearing %

GSH assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

31 March 2021	31 March 2020	Benchmark
N/A	N/A	34.5%

The association doesn't currently have any loans or finance lease obligations due and therefore has no gearing position.

#### Metric 4 - Earnings before interest, Tax, Depreciation, Amortisation, Major Repairs included (EBITDA MRI) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that GSH generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.

31 March 2021	31 March 2020	Benchmark
0%	0%	199%

Due to the current lack of debt this metric is not applicable to GSH. However this will be important to monitor as the association moves into a period of development in the near future.

#### Metric 5 - Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost measures are based on management and service charge costs, maintenance costs, major repairs costs (including those capitalised) and other social housing costs.

31 March 2021	31 March 2020	Benchmark
£'000	£'000	£'000
7.10	5.15	4.60

The cost per unit is based on 87 units.

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## Report of the Board of Management

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### Metric 6 - Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.

	31 March 2021	31 March 2020	Benchmark
Operating margin social housing units			23.9%
Operating margin total	3.4%	27.5%	20.3%

This metric is calculated as operating surplus divided by turnover from social housing lettings.

### Metric 7 - Return of capital employed (ROCE) %

ROCE compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

	31 March 2021	31 March 2020	Benchmark
	0.3%	2.2%	3.0%

The improvement in ROCE reflects the significant increase in operating margin percentage, which is mainly attributable to a surplus generated on disposal of the investment property during the year.

### Value for money - evidence of gains

During the last twelve months value for money has been integral to our business activities, as can be summarised below:

#### Team meetings (communication & training)

Monthly Chief Executive Staff briefings and regular team meetings drive home the importance of value for money in getting the very best out of limited resources, and providing services to as many tenants as we can. Staff are encouraged to think of the Association as their own, would they spend that money? Would they look for a better deal? The Trustees assess the direction of the Association, with constant reference to delivering value for money which is one of the core objectives in the GSH Business Plan.

#### Tenant involvement (customer involvement)

Tenant involvement in value for money at a strategic level is largely generated through the Annual Consultation Document. Suggestions for improvements are made via the document, discussed at the ACM and where appropriate implemented. Trustees are also at the ACM and additional discussions or suggestions are often generated by tenants for further debate at Board level. There continues to be significant focus in providing good value for money services to our tenants.

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### Development (costs & outcomes)

At the commencement of the new financial year the trustees sanctioned a complete remodel and refurbishment project on Merrow House common rooms. RLHA project managed the works which eventually came in under budget. The previous brick external laundry block was demolished once the new laundry facilities in Merrow House were commissioned. A café hub style kitchen/social area was created to encourage more spontaneous social interaction between tenants. The more formal drawing room now hosts the snooker table as well as providing quieter soft furnished areas affording spaces to read, chat quietly or just to sit and enjoy a change of scenery, once the Pandemic situation allows. Finally a large new terrace was created just outside Merrow House with new double doors leading on to it where sets of patio furniture offer tenants a lovely outside space to enjoy.

The Trustees have remained focused on reaching a stage whereby they can move forward to develop the previously identified Quarry area. The Association is focused on forging ahead with the planning permission obtained from the local council to add twenty five new single bedroomed units on site. The new units will undoubtedly provide additional revenue to the Estate which in turn will develop and support the financial security of the Association.

### Service charge & rent reviews (resident involvement + costs & outcomes)

Service charge costs have been analysed in detail as part of the annual budgeting process. We are always conscious that service charge increases need to be kept to a minimum. The purchasing of electricity and gas contract was procured in October 2020 for a 12 month period which gave best value for money. The cleaning contract has been reviewed during the year as well as the grounds maintenance contract. These discussions also form a key part of the ACM, which this year was unable to go ahead in the usual format.

Below are some further value for money gains received during the year for the Association -

- In a "hardening market" for our insurance renewal our brokers, JLT Group, secured a slightly higher insurance rate than last year with our current insurers Avid Insurance Services Limited. The terms Avid Insurance Services Limited provided best suited the demands and needs of the properties at Guildford Sunset Homes for the 2020/21 renewal. Further hardening of the insurance market is expected which will continue to be a challenge. No commission is involved in any of our negotiations during the renewal with our brokers.
- The total number of general repairs completed during the year (within our target times) were 437. Of these repairs the Caretaker was able to undertake a number of small running repairs and basic maintenance jobs throughout GSH to ensure that outsourced costs are kept to a minimum.

### Benchmarking (costs & outcomes)

We continue to use various sources including -

- Housing Association Network, Homes England guidelines, National Housing Federation (NHF), auditors, external partnerships and processes.

### Use of technology (costs & outcomes)

During the year we identified that we would benefit from further interrogation and understanding of the current property management software together with planned investment in the IT provision to staff. Further training with the software provider, MRI, is planned for 2021/22

### Looking ahead

Business Plan -

We are continually revising our Guildford Sunset Homes Business Plan to meet the challenges of working in an ever-changing social environment.

Our core objectives are:

- Strengthen the procurement, repairs and maintenance process
- Provide the best service we can to tenants
- Strengthen longevity and viability of the estate.
- Deliver value for money

# **GUILDFORD SUNSET HOMES**

## **Report of the Board of Management**

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### Maximising our income –

We seek to professionally maximise income in all areas of the Association through development of existing stock, adding more units, and other options that arise. We will continue to offer reasonable rents and work with tenants to maximise their income. All of our rents are set and increased according to Government guidelines.

### Risk –

We work to continually identify this vital area and appraise risk as a team (at all levels), by reporting at a Board level, by Board reviews of all areas of identified risk and by employing internal and external auditors. Following their feedback and reports we will take action, tailoring resources to mitigate against any risks identified.

### Tenant voice and influence –

We continue working with tenants to increase their influence on what we are doing. Interaction with tenants will be through quarterly telephone Surveys, annual Customer Service Surveys, annual Tenant Forums, social activities on site, regular on site meetings and old fashioned mail/telephone calls although not all options have been available during 2020/21 due to the Pandemic.

### Investing in staff –

We will keep investing in all levels of our staff, continue to develop a more productive workforce with clearer understanding of how to maximise our potential, training staff to understand operational priorities and the value and cost of everything we do.

### VFM from resources –

We will achieve VFM from our resources by:

- reducing core costs,
- achieving best value from office premises and smart working practices,
- continuous improvement in procurement of all services,
- investing in IT technology to promote the smarter working and better delivery of services.

### **Impact of Covid-19 on organisation**

Upon commencing the new financial year it became apparent that the UK was in a pandemic situation and the Company Secretary and Executive put in place the previously planned processes to enable the estate to function safely in the ever changing situation. They discussed and planned for the scenario of a "lockdown". Much communication and effort went into ensuring that the Association could and did run smoothly and we continue to serve the tenants who live at Guildford Sunset Homes. During 2020/21 there were no cases of Coronavirus at GSH and whilst restrictions were not entirely popular especially with the new internal areas not being able to be used it was felt that the tenants, largely, supported the actions put in place to ensure that they and the Team at GSH were kept safe.