

Byker Community Trust - Self-Assessment of performance against the Homes and Communities Agency (HCA) Value for Money (VfM) Standard

1. Our Strategic Approach

- 1.1 The BCT is committed to delivering VfM in the interests of tenants and the wider community because we want to minimise financial pressures on households adversely affected by the economic pressures which they face, in addition to improving services and customer satisfaction. We believe it is important to establish a culture of continuous improvement and to do so, engage with our tenants and residents to determine their views and priorities.
- 1.2 To date, BCT have achieved significant one-off (£24.405m) and annually recurring (£1.035m) financial gains through various actions.
- 1.3 Following an extensive service review of the contracted services that were put in place at the time of the stock transfer (July 2012) a full options appraisal by Board concluded, in September 2015, to bring housing management and support services in house and to partner with Karbon Homes (formerly Isos Housing) in a cost sharing vehicle (CSV) partnership arrangement commencing from July 2016. The objectives of this are:
- Control over standards of service delivery with a focus on improvement in quality & cost;
 - Value for money including excellence in service to customers; and
 - Completing the stock transfer promises to tenants, including those which highlighted service delivery reviews.
- £500k annual revenue expenditure savings are being achieved from the new service delivery arrangements. Comprehensive steps were also taken to review and improve the inherited housing management service model.
- 1.4 A new 'Byker Approach' model of housing management has been implemented, based on a 'bottom up' customer relationship and asset management programme. The Byker Approach will continue to evolve and improve service delivery by using information provided by our customers to improve service provision, moving forward. That is the context in which we will work to implement the regulatory requirements of the HCA.

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2. BCT Arrangements to Meet the VfM Standard

2.1 The table below summarises the current arrangements in place at BCT.

Requirement	Current Arrangements
<p>BCT shall articulate and deliver a comprehensive and strategic approach to achieving VfM in meeting BCT objectives. BCT must maintain a robust assessment of the performance of all assets and resources (including for example financial, social and environmental returns).</p>	<ul style="list-style-type: none"> • Financial regulations covering procurement rules. • Treasury management strategy with twin aims of: <ul style="list-style-type: none"> ○ Minimising the costs of borrowing. ○ Maximising investment returns. • Conducting service reviews. • Budget setting and business planning. • Corporate plan and action plan. • Management accounts. • Contractor performance reports. • Guidelines to contractors and partners on BCT expectations for delivery of social investment outcomes from the capital investment programme. • Tenant Scrutiny Panel. • Survey of Tenants and Residents (STAR) survey. • Benchmarking of costs and performance. • 100% stock condition survey to inform the development of the BCT asset management strategy.
<p>BCT has a robust approach to making decisions on the use of resources to deliver BCT objectives, including an understanding of the trade-offs and opportunity costs of BCT decisions.</p>	<ul style="list-style-type: none"> • Budget process linked to corporate plan and business plan objectives. • BCT use an established Social Housing business case model to make proposals to Finance & Audit Committee and Board for any additional expenditure. • BCT use business plan model to run different financial scenarios and assess their impact particularly focussed on strengthening the business plan position. • Budget setting process includes decisions on resource prioritisation, trade-offs and opportunity costs.

Requirement	Arrangements
<p>BCT understands the return on its assets, and has 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.</p>	<ul style="list-style-type: none"> • BCT have completed a 100% comprehensive stock condition surveys of all its assets to inform future investment profiling. • Current investment programme is developed from a 100% stock condition survey. • The development of a comprehensive asset management strategy including implementing a net present value (NPV) calculation methodology at individual property level to support asset management decision making to inform future waves of investment and programmes of planned and cyclical maintenance. • NPV analysis is informing investment decision making but is considered in concurrence with the fact the whole estate property and environment is Grade II* listed with Historic England. • As part of the stock transfer arrangement, BCT has a call on non-residential buildings on the Byker estate owned by Newcastle City Council that become empty. To date two buildings have been transferred to BCT. Chirton House was transferred to BCT at nil cost, plus £480k grant aid which has allowed BCT to convert the redundant building into a 16 unit residential development specifically for disabled and older people. This development completed in May 2015 and is fully occupied. The second building was an unsustainable shop unit at 2 Chirton Wynd which has been transferred to BCT at nil cost. This unit is currently being converted into a 2 bedroomed disabled bungalow for affordable rent, supported by £25k of affordable homes grant funding from the Homes & Communities Agency. Works are due to complete in October 2017. • Also included in the stock transfer arrangement was a call off option on three land development sites that would be transferred to BCT at nil cost. BCT have carried out an appraisal on these land development sites in partnership with NCC. Investigations will continue to determine the potential of these sites in partnership with NCC. • BCT has a strategy to offer to buyback properties on the estate from those wishing to sell and offer prices are set to achieve payback of the investment within a 10 to 12 year timescale. To date seven buybacks have been completed at a total cost (including reinstatement works) of £278k and these are part of the BCT social housing stock. BCT are reviewing the buyback policy.
<p>BCT has performance management and scrutiny functions which are effective at driving and delivering improved value for money performance.</p>	<ul style="list-style-type: none"> • Contractor performance is managed regularly at a senior management level and reported quarterly to Board, including progress against Key Performance Indicator (KPI) targets. • BCT is a shareholder and has a Director seat on the Board of Isos Complete Support (ICS) which is the entity that delivers repairs and maintenance and several other services to BCT. This facilitates BCT being able to monitor performance of ICS. • BCT Executive Team and Finance and Audit Committee review management accounts which cover revenue and capital financial performance.

	<ul style="list-style-type: none"> • Investment programme performance including cost monitoring is reported quarterly to Board. • Financial performance on capital projects is reviewed at regular site meetings. • Tenant scrutiny and customer satisfaction arrangements including a Tenant Scrutiny Panel (which was developed and is still being supported by TPAS), STAR survey, Tenant Grounds Maintenance Inspectors, Voluntas satisfaction surveying and the BCT Community Forum. • A performance management framework is in place in collaboration with delivery partners to cover: <ul style="list-style-type: none"> ○ How we set targets. ○ How we measure, monitor, report and manage performance. • Performance & Service Committee established with a remit to oversee and scrutinise BCT operational performance.
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Requirement	Arrangements
BCT understands the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.	<ul style="list-style-type: none"> • Budgets and business plans give breakdowns into each service area and into individual capital investment projects. • BCT Executive Team and Finance and Audit Committee monitor financial performance through review of management accounts with reporting to Board on a quarterly basis. • Business Plan used for sensitivity modelling of multivariate financial scenarios. • As part of implementation of new service delivery arrangements from October 2016 BCT has achieved full transparency over the costs of all services plus target outcomes and these details are covered in Service Level Agreements (SLAs) for each service delivery area. The actual service delivery costs are independently audited. • All BCT budgets and costings provide for an understanding of fixed and variable costs and what factors influence them.
BCT evidences the VfM gains that have been and will be made and how these have and will be realised over time.	<ul style="list-style-type: none"> • A VfM Register is maintained to record details of all efficiency savings achieved. • All future service delivery arrangements or business development activities are assessed against the key criteria of providing greater efficiencies, cost effectiveness and improved customer experience/satisfaction, together with an identification of how the realisation of these will be evidenced. • A VfM Development Action Plan is in place to control and monitor progress in achieving VfM improvements identified from the BCT VfM Strategy.

3. Return on Assets

3.1 Asset Management Strategy

- 3.1.1 A comprehensive Asset Management Strategy for the Byker Estate is under development and will be completed during 2017. This comprises:
- Completion of a stock condition and energy and environmental performance survey of all BCT assets.
 - Taking ownership and management of BCT stock condition data.
 - Completing a net present value (NPV) calculation and 'traffic light' style viability assessment of all BCT assets.
 - Completing the stock transfer promises and developing a 10 year capital investment programme based around delivering BCT's mission and corporate objectives.
- 3.1.2 The 10 year investment programme has been formulated with a full understanding of the return on assets and, through the development of the Asset Management Strategy will have the necessary asset and financial information required to enable rigorous appraisal of options for improving returns on assets within the constraints imposed by the Historic England Grade II* listing of the Byker Estate properties and physical environment. The listing places specific constraints on the freedom of BCT to make independent decisions regarding developing new assets or demolishing low performing assets. The planning for delivery of the final stock transfer promise to undertake a comprehensive environmental redesign of the Byker Estate is under way in consultation with residents and Historic England.
- 3.1.3 In terms of health and safety responsibilities, BCT continue to remain fully compliant and continue to report to Board on health and safety matters on a monthly basis. All BCT staff have received fire risk assessment training and work in line with a set of guidelines regarding maintaining vigilance to help identify fire safety risks.

3.2. Use of Sale Proceeds

- 3.2.1 Since stock transfer (05/07/12), BCT has completed 13 right to buy sales (one 1 bed, four 2 bed, six 3 bed, two 4 bed) with total income of £422k.
- 3.2.2 In order to mitigate against loss of operating surplus in respect of units sold under the preserved right to buy arrangements, BCT has a strategy covering buyback of properties previously sold under right to buy that the owners are now seeking to sell. Under this strategy the price BCT offer to the seller is based upon achieving a payback of the investment over a maximum 12 year term. Although this generates an offer price significantly below the price the properties would be expected to be advertised at on the open market, to date BCT has completed seven such buybacks (three 1 bed, one 2 bed, three 3 bed) at a total cost of £278k including reinstatement costs incurred to ensure the properties meet the BCT standard.
- 3.2.3 The BCT buy back policy was revised during 2017 and a 20 year NPV calculation applied.

3.3 New Developments

- 3.3.1 BCT worked in partnership with Newcastle City Council to secure one of their surplus assets situated on the Byker Estate. The asset was transferred to BCT at nil cost and BCT converted it into a complex of 16 residential apartments (eleven 1 bed and five 2 bed

including two disabled access specific units) to let to residents aged 50 plus which was a Newcastle City Council objective following welfare reform changes. Newcastle City Council (NCC) awarded £480k empty homes funding which contributed to the overall £1.18m scheme cost. This development was completed in May 2015 and is fully let. This investment reaches a payback position within a 15 year timescale. The additional annual revenue generated from this development is around £58k.

3.3.2 The housing stock transfer included a number of non-residential units called Hobby Rooms most of which were vacant. BCT accessed a £25.2k feasibility grant funding from the Homes & Communities Agency (HCA) to investigate options for these. Resulting from this BCT have developed a programme for conversion of 10 of these units into residential use creating a total of six 1 bed and four 2 bed units. BCT has joined the Spirit Development Partnership and secured £250k HCA affordable housing grant towards the conversion costs such that the investment achieves an NPV of £300k after 25 years, reaches a payback position within a 14 year timescale, and generates additional annual revenue income of £48k. This development will complete in 2017.

3.4 Investment Programme

3.4.1 In 2016/17 BCT have continued to deliver the stock transfer promises:

- 11 properties have been upgraded internally to the modern homes standard as these properties had self-omitted from the decent homes programme undertaken prior to the stock transfer.

3.4.2 We will continue with delivery of the final stock transfer promise relating to a comprehensive environmental upgrade.

3.5 Investment in Renewable Energy

3.5.1 In 2016/17 the focus was in four areas:

- District Heating Mains Infrastructure.
The Byker district heating system is benefitting from 5.6km of secondary mains replacement to reduce heat loss and improve the system flow, the connection of three group heating systems onto the district heating network will provide a more cost efficient way of delivering heat and hot water to the properties in this area of the estate, refurbishment of 15 heating sub stations to install the most up to date equipment to improve the systems efficiency and the installation of a Building Management System to control and monitor the operational performance of the overall system. This work will complete in 2017.
- Biomass.
The impact of the 1 megawatt biomass boiler installation has been key in enabling BCT to maintain its freeze over district heating service charges to customers, due to a combination of reduced demand for gas fuel and the additional income from renewable heat incentive tariff that BCT receives as a result of operating the biomass boiler. This also significantly reduces carbon emissions from the Byker system. Further improvements are planned to maximise the output from the biomass boiler and reduce the time required for routine maintenance.
- BCT are working in partnership with NCC and energy providers to potentially achieve the installation of a 4 megawatt biomass boiler. Five specific installation options have been appraised over a 20 year lifespan, yielding a positive NPV, ranging from £1.3m to £2.3m.

- Proposals for the installation of new and improved controls to the 1,986 properties on the network have been developed with a view to the contract for these works being let in 2017. These projects have been developed to deliver the stock transfer promise to BCTs tenants to improve the energy efficiency of their homes, and reducing greenhouse gas emissions from the system and contributing towards tackling fuel poverty.
- As part of the completed Byker Wall upgrade, 132 photovoltaic panels have been installed and the electricity generated is used to power communal lighting and lifts with any surplus being sold to the National Grid. These have an estimated useful life of 20 years and the total investment cost of £81k reaches a payback position within a 13 year timescale. This helps BCT to reduce overheads in terms of communal electricity costs.

3.6 Asset Valuation

3.6.1 The table below summarises the surplus achieved as a proportion of the value of the BCT assets. This gives an indication of how BCT are performing in using assets to generate a financial surplus. This shows a pattern of year on year performance improvement up to 2015/16. Performance in 2016/17 has been adversely affected by two factors:

- The requirement to reduce rents by 1% impacts on the level of surplus that can be generated.
- £403k of one off costs incurred relating to investment required in transitioning to new service delivery arrangements.

Year	Surplus	Asset Value	Return %
2016/17	£1.010 million	£21 million	4.8%
2015/16	£2.654 million	£19 million	14.0%
2014/15	£2.195 million	£17 million	12.9%
2013/14	£1.335 million	£12 million	11.1%
2012/13	£0.979 million	£9.5 million	10.3%

4 Cost Comparisons

4.1 This section contains details of how BCT compare against a range of measures including details of the reasons for any variations, together with a summary of future plans with regard to cost performance.

4.2 Homes & Communities Agency (HCA) – Delivering Better Value for Money: Understanding Differences in Unit Costs

4.2.1 The table below summarises BCT unit costs as against those of the regulated social housing sector as a whole, based on 2015/16 data.

Description	BCT (£k)	Sector Median (£K)	Difference %	Explanation
Headline social housing cost	6.60	3.97	+66%	The difference is the combined effect of the individual cost areas detailed below.
Management cost	1.22	1.08	+13%	Under the stock transfer arrangements, day to day housing management is outsourced for a 4 year period up to October 2016 at a price fixed back in 2012 with an inflationary increase applied to the staff cost element from April 2015. This arrangement has changed and BCT have implemented new service delivery arrangements commencing in October 2016 with a focus on improvement in quality and cost (see details in Service Delivery Transformation section). This leads to an overall £500k annual cost saving across BCT operating activities. Over the medium term BCTs VfM strategy includes achieving cost performance at the median of the regulated social housing sector.
Service charge	1.45	0.53	+174%	In Byker all tenants receive heat and hot water from the district heating system and pay for this through a service charge. Therefore tenants do not need to source their own supply separately through a utilities provider. In 2015/16 the service charge total was £1.1m (£0.62k per property).
Maintenance cost	1.14	1.01	+13%	Please see explanation for Management cost variance above. The same applies to maintenance costs. A significant cost driver for maintenance on the Byker Estate is external painting due to the unusual design of the estate with substantial timber content and the Grade II* Historic England requirement to comply with a specific colour scheme which means the paint itself is expensive. This results in significant spend on an ongoing painting programme which amounted to £352k in 2015/16 (£0.2k per property).
Major repairs	2.65	0.89	+198%	As a relatively young stock transfer BCT is still undertaking a major capital investment programme as part of the stock transfer promises. Spend in 2015/16 was £4.7m (£2.6k per property).
Other social housing costs	0.14	0.47	-70%	For BCT this cost heading mainly covers the community participatory budget (funds BCT makes available for specific community based initiatives on the estate as part of the stock transfer promises). There are also some one off setup costs relating to BCT office expansion required for new service

				delivery arrangements from October 2016. All other BCT costs are within the other cost categories above.
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4.2.2 BCT performance on these costs in 2016/17 is detailed below:

Description	Unit Cost (£k)	Difference From 2015/16 %	Explanation
Headline social housing cost	£4.74k	+14%	The difference is the combined effect of the individual cost areas detailed below.
Management cost	£1.24k	+2%	Reflects mainly increased size of BCT staff team due to the service delivery changes, as previously all services were outsourced.
Service charge	£1.49k	+3%	Reflects mainly an increase in costs of district heating system as against 2015/16.
Maintenance cost	£0.89k	-8%	Reflects a reduction in spend on responsive and void repairs as against 2015/16.
Major repairs	£0.44k	+144%	A significant cost driver for maintenance on the Byker Estate is external painting due to the unusual design of the estate with substantial timber content and the Grade II* Historic England requirement to comply with a specific colour scheme which means the paint itself is relatively expensive. This results in significant spend on an ongoing painting programme which amounted to £787k in 2016/17 (£0.44k per property). 2016/17 spend on the painting programme was £474k higher than 2015/16.
Other social housing costs	£0.68k	+106%	Reflects investment of one off setup costs of BCT required for new service delivery arrangements from October 2016, a settlement fee to terminate provision of the furniture pack service, and higher bad debt provisions against aged debts.

4.3 Benchmarking BCT Performance Against a Peer Group of Other Registered Providers

4.3.1 BCT participates in Housemark and has identified a peer group of 10 other Housing Associations for benchmarking purposes.

4.3.2 The table below summarises BCT performance based on 2015/16 (in the peer group column green represents relatively better performance, red represents relatively worse performance. The trend column is a comparator with previous years performance – where N/A is shown then no comparator is available).

Measure	Peer Group	Trend
Financial Indicators		
Growth in turnover		
Adjusted net leverage		
Operating margin		
Debt per unit managed		
Interest cover		
Overheads		
Overheads as % of turnover		
Housing Management		
Housing management costs per property		
Arrears write off as % of rent due		
Former arrears as % of rent due		
Current arrears as % of rent due		
Overall arrears as % of rent due		
Average relet time		
Rent loss due to voids		
Tenancy turnover rate		
Vacant dwellings at end of period		
ASB resolution rate		N/A
Housing management costs and satisfaction		No change
Responsive Repairs & Void Works		
Costs per property of responsive repairs and void works		
Costs per property of responsive repairs		
Costs per property of void works		
Average number of calendar days taken to complete repairs		N/A
% of repairs completed at first visit		
Repairs cost and satisfaction		
Major Works & Cyclical Maintenance		
Costs per property of major works		
Costs per property of cyclical maintenance		
Dwellings with a gas safety certificate		No change
Development		
Units developed as % of stock		
Corporate Health		
Staff turnover		
Average number of days lost to sickness		

4.3.3 Some key points relating to areas where performance is relatively worse are:

- Growth in turnover. Turnover did increase by 2.8% which was less than 2014/15 (4.1% increase). The median performance for the peer group was 3.6%. Others in the peer group also had a lower rate of growth than 2014/15. The requirement to cut rents by 1% for 2015/16 has contributed to this reduction in the rate of growth.
- Operating margin. This was 25.8%, slightly below the median of 26.6%. BCT achieved an increase of 1.3% from 2014/15 whilst the average for the peer group was a decrease of 0.6%.
- Interest cover. BCT position reflects the significant level of capital investment expenditure in delivery of the stock transfer investment promises. BCT major works spend per property in 2015/16 is 154% higher than the median of the peer group.

- Overheads as % of turnover. BCT figure is low as the overhead element of service delivery contracts set in place on stock transfer are not readily identifiable so all contract charges are classed as direct delivery costs. This measure has increased from 2014/15 by 1.67% and others in the peer group have also experienced an increase. The reduction in turnover as a result of the 1% rent reduction requirement has contributed to this increase.
- Housing management costs per property. These costs are 13% higher than the peer group median. Part of this variance is due to the BCT figure including overheads (as per the point above). This cost has increased from 2014/15 at the same rate as the average of the peer group.
- Arrears write off as % of rent due. The BCT rate is 0.75%. The peer group rate is 0.3%. The write off was in respect of former tenant arrears (FTAs) which had exhausted the recovery process.
- Former arrears as % of rent due. This reflects relatively high turnover on the estate and that rent arrears have not always been cleared prior to the tenant moving. BCT has reviewed the allocations policy and this issue has been addressed through policy changes implemented in October 2016. This rate has increased by 2% from 2014/15. As part of the new service delivery arrangements from October 2016 FTAs have been reviewed in detail. Some have been recovered through more concentrated recovery action and others have been identified for write off.
- Current arrears as % of rent due. This rate has increased by 5% from 2014/15. The roll out of Universal Credit started to apply to BCT customers in 2015/16 and this has adversely affected levels of current arrears. As part of the new service delivery arrangements from October 2016 there has been more active pursuit of these arrears (including through the Courts). At the same time, BCT has maintained its 1 to 1 support for tenants around benefits maximisation and money management.
- Overall arrears as % of rent due. This rate has increased by 0.4% from 2014/15. The peer group average is a decrease of 0.44%.
- Average relet time. BCT rate is 24 days as against the peer group median of 19.13. This rate has decreased from 2014/15 as has the peer group average.
- Rent loss due to voids. BCT rate is 0.4% above the peer group median and has increased by 0.05% from 2014/15, whilst the peer group has an average decrease of 0.02%. This is reflective of relatively high turnover and higher than average relet times.
- Tenancy turnover rate. BCT rate is 14.64% has risen from 21% above the peer group median in 2014/15 to 54% above in 2015/16. The average rate for the peer group has also increased from 2014/15.
- Vacant dwellings at end of period. BCT rate of 0.79% is 38% above the peer group average. BCT has achieved a significant reduction from the 2.26% rate for 2014/15.
- ASB resolution rate. BCT rate is 1.9% below the peer group median.
- Housing management costs and satisfaction. BCT shows the 4th highest cost of the peer group and the lowest satisfaction score. Improvements in cost and quality are key drivers behind the new service delivery arrangements in place from October 2016.
- Costs per property of responsive repairs and void works. The BCT figure is 21% higher than the peer group median. A 3% decrease has been achieved from the 2014/15 position.
- Costs per property of responsive repairs. The BCT rate is 4% above the peer group average. A 19% decrease has been achieved from the 2014/15 position. It is worth noting that BCT is smaller in size than several of the peer group comparators and therefore has more limited scope to benefit from economies of scale feeding through to lower per unit costs.

- Costs per property of void works. The BCT rate is 79% above the peer group average. This represents a 36% increase from the 2014/15 position.
- Repairs cost and satisfaction. BCT shows the 2nd highest cost of the peer group and the lowest satisfaction score. Improvements if cost and quality are key drivers behind the new service delivery arrangements in place from October 2016.
- Costs per property of major works. This reflects spend on the BCT investment programme continuing to deliver the stock transfer promises.
- Average number of days lost to sickness. The increase from 2014/15 relates to some medium term sickness absence.

4.3.4 A key corporate objective of BCT is to achieve median cost and performance by 2020. Achieving the successful transition to the new service delivery arrangements in place from October 2016 is the first stage towards this objective. This gives BCT greater control and influence over service quality and cost. Over time this will allow for service transformation to be achieved all focussed on improving cost and quality leading to improvements in customer satisfaction.

4.4 Performance Against Key Performance Indicators (KPIs)

4.4.1 These KPIs are the targets set across the range of our business operations. BCT has developed its own balanced scorecard approach to KPI monitoring and this has taken effect since the service delivery transition in October 2016. The table below summarises performance for the second half of 2016/17:

KPI	Target	March 2017	Year to Date	Monthly Performance Against Target	Trend	Current Performance Benchmark	Median	Top Decile
Customer Services								
Does the organisation deliver excellent customer service during all interactions with tenants?								
Number of complaints received	-	1	13			-	-	-
Number of compliments received	-	-	2			-	-	-
Number of customer satisfaction surveys completed	-	-	-			-	-	-
Number of MP Enquiries	-	-	1			-	-	-
Stock Investment								
Does the organisation provide a responsive repairs service to its tenants?								
Percentage of appointments made and kept	95.0%	97.7%	95.6%			LQ	98.1%	99.3%
Percentage of responsive works orders completed on time	98.0%	97.2%	98.1%			-	-	-
Average time to complete responsive works orders	10.5	8.6	5.1			UQ	6.7	4.7
Average cost of responsive repairs	£120	-	£78			-	-	-
Is the organisation ensuring the safety of its tenants by adhering to regulatory standards?								
Percentage of dwellings with a valid gas safety certificate	100.0%	100.0%	100.0%			UQ	100.0%	100.0%

KPI	Target	March 2017	Year to Date	Monthly Performance Against Target	Trend	Current Performance Benchmark	Median	Top Decile
Tenancy Termination, Void Works and Lettings (Tenancy)								
How efficiently and effectively is the organisation processing voids to a lettable standard?								
Void inspection average working days	2.0	3.1	2.2			-	-	-
Void works average days (Standard)	18.0	27.3	15.2			-	-	-
Void works average days (Structural)	33.0	-	-			-	-	-
Average cost of void works per property	£2,500	-	£2,694			LQ	£2,007	£1,183
Does the organisation let its properties efficiently and effectively?								
Stock turnover as a percentage of all stock (annualised)	10.0%	19.2%	14.7%			LQ	9.5%	5.0%
Percentage of dwellings vacant and available to let	1.0%	1.5%	1.7%			LQ	0.3%	0.1%
Percentage of dwellings vacant and unavailable to let	0.2%	0.1%	0.1%			UQ	0.3%	0.0%
Void rent loss as percentage of annual rent debit	1.0%	1.7%	1.4%			LQ	1.1%	0.3%
Average relet time (HouseMark Standard)	27.5	36.2	39.1			LQ	19.1	12.0

KPI	Target	March 2017	Year to Date	Monthly Performance Against Target	Trend	Current Performance Benchmark	Median	Top Decile
Income Management								
Is the organisation maximising its rental income in an efficient and cost effective way?								
Percentage rent collected against rent debit	99.9%	98.0%	98.0%			LQ	99.7%	100.1%
Current rent arrears net housing benefit as a percentage of rent debit	1.8%	6.6%	6.6%			LQ	2.1%	0.8%
Former tenant arrears as percentage of rent debit	0.9%	4.2%	4.2%			LQ	1.3%	0.7%
Current and former tenant arrears written off as percentage of rent debit	0.5%	0.8%	0.8%			LQ	0.3%	0.1%
Support Services, Governance and Corporate Health								
Does the organisation retain the right people with the right skills? Does the organisation ensure the wellbeing of its workforce?								
Overall Staff turnover (annualised)	10.0%	6.3%	6.3%			UQ	15.8%	7.0%
Days lost per employee due to sickness (annualised)	7.50	4.40	1.09			UQ	8.97	5.93

4.4.2 Explanations for those targets not achieved are:

- Average cost of void works per property. The KPI for the average cost of all void works per property has a target £2,450. The direct costs of providing the void repair service for the year was £268,482 with support costs of £38,673. During the second half of the year there were 114 voids completed which gives an average cost of £2,694 per void property. There were 24 void jobs raised in March so there will be some costs associated with the partially completed voids included in the total direct costs.
- Stock turnover. The stock turnover as a percentage of all stock performed at 14.7%, which is outside of the target of 10% for the year. This is due to the high number of evictions resulting from a more proactive approach to pursuing rent arrears cases.
- Dwellings vacant and available to let. The percentage of dwellings that were vacant and available to let performed outside of target standing at 1.7% for the year against a target of 1.0%. This performance needs to be taken into context with the relatively high number of terminations.

- Average relet time. The reason for the increase in the number of days taken to re-let properties was due to a high number of voids which were in very poor condition as a result of evictions during quarter 3 and quarter 4, as well as resource issues that have since been addressed with the void repairs contractor.
- Void rent loss. Impacted by the above regarding vacant dwellings and average relet time.
- Current arrears. Current rent arrears net housing benefit as a percentage of the rent debit stood at 6.6% at the end of the year. This is performing outside of target however performance has shown improvement since the point of services being transferred to be managed by ICS. The indicator stood at 9.75% at the point of service transition.
- Former tenant arrears. Former tenants arrears as a percentage of the rent debit is performing 4.2% at the end of the year. This has improved with a reduction of 0.5% since the end of quarter 3 and 0.06% lower than at the point of service transition.

5 VfM Gains Achieved

5.1 To date, BCT have achieved significant one-off (£24.405m) and annually recurring (£1.035m) financial gains through various actions. These are itemised in the table at the end of this statement. These efficiency gains have been used to reduce BCT's borrowing and running costs, and cashable savings have been invested in additional capital expenditure. Details are:

On Stream Year	Description	Estimated One Off Saving £000s	Estimated Annual Saving £000s
2012/13	Savings on years 1 to 15 capital investment programme via VAT Shelter arrangement	6,472	
2012/13	Fixing of interest rates for current loan facility secured savings against original estimate of loan interest	706	
2012/13	Interest earnings in excess of budget	12	
2012/13	Renegotiation of Street Wardens contract		60
2012/13	Securing Community Covenant grant funding for Avondale House Refurbishment	250	
2012/13	Tender saving against budget on Avondale House contract	134	
2012/13	Revenue expenditure outturn under budget	359	
2012/13	VAT savings years 1 to 5 through agreement of partial recovery special method calculation	68	
2012/13	Securing NCC grant funding towards Stilt Block improvement works	33	
2012/13	Access to Newcastle City Council negotiated discount rates for communal electricity supplies		2
2012/13	Access to Newcastle City Council negotiated discount rates for gas supplies		21
2013/14	YHN contract prices frozen at 2012/13 rates		90
2013/14	NCC contract prices frozen at 2012/13 rates		8
2013/14	Tender saving against budget on Modern Homes Omit contract	10	
2013/14	Tender saving against budget on Byker Wall contract	227	
2013/14	Additional revenue income streams through installation of Biomass boiler		199
2013/14	Negotiation of reduction in employers pension contributions (from 27.5% to 16.2%)		27
2013/14	Interest earnings in excess of budget		44
2013/14	Securing YHN funding contribution towards Byker Wall upgrade	65	
2013/14	Securing YHN contribution towards Stilt Block improvement works	25	
2013/14	Securing reduction on investment programme fees against budget	482	
2013/14	Securing 12% reduction on asbestos removal monitoring fees against original price quoted	19	

2013/14	Securing reduction in Concierge Upgrade contract against original price quoted	400	
2013/14	Securing nil fee on Concierge Upgrade contract	32	
2013/14	Securing VAT reduction through transfer of employees from YHN to BCT		60
2013/14	Accessing HMRC Small Employers Allowance Scheme		2
2014/15	Securing lower interest rate than budgeted for prudential borrowing for District Heating Upgrade	885	
2014/15	Securing NCC grant funding towards Chirton House redevelopment	480	
2014/15	Securing further reduction in employers pension contributions (from 16.2% to 14.9%)		3
2014/15	Securing free banking services		1
2014/15	Securing HCA grant funding towards Hobby Rooms feasibility study	25	
2014/15	Increasing interest earnings from automatic sweep of current account balance to deposit account		2
2014/15	Negotiated reduction in arrangement fee for extended loan facility	50	
2014/15	Revenue expenditure outturn under budget	808	
2015/16	Effect of lower rent increases than originally planned from 2015/16 as per new rent setting rules	160	2
2015/16	Net saving on Housing Management Contract for final year of current contract	6	
2015/16	Saving on finance charges through securing reduction in margin from 2.75% to 1.9% on extended loan facility	3,561	
2015/16	Fixing of interest rates for current loan facility secured savings against original estimate of loan interest	3,877	
2015/16	No cost of living rise allocated to BCT staff		8
2015/16	Loan interest savings through early repayment of Bolam Coyne prudential borrowing loan	411	
2015/16	Feed in tariff income and own use savings from installation of PV panels on Byker Wall roof		6
2015/16	Revenue expenditure outturn under budget	1,426	
2016/17	Effect of 1% rent reduction requirement for 4 years	2,770	
2016/17	No increase of District Heating service charges since BCT commenced in July 2012	197	
2016/17	Cost savings from new service delivery arrangements		500
2016/17	Negotiated time limited free subscriptions to two advice and support services	1	
2016/17	Securing HCA grant funding towards Hobby Rooms conversion to residential units scheme	250	
2016/17	Savings in new ICT infrastructure setup through partnering arrangement as against stand-alone setup	204	
	Total	24,405	1,035

6. VfM Gains to be Made

6.1 Service Delivery Transformation

6.1.1 In October 2016 BCT achieved transition to the new service delivery arrangements. The focus is on improved cost and quality leading to increased customer satisfaction. Annual cost savings of £500k result from the new service delivery arrangements.

6.1.2 Costing of the new service delivery arrangements allows for improved understanding of costs including what influences them and a clearer split between fixed and variable. Through tight operational and financial performance management BCT aim to achieve further reductions in service delivery costs as part of the corporate objective to achieve median performance by 2020 as measured through benchmarking.

6.2 Other key BCT targets for future VfM gains are:

Description	Estimated One-Off Saving/Additional Income	Estimated Annual Saving/Additional Income	Timescale
Secure additional Renewable Heat Incentive income through upgrade to existing Biomass boiler		£4.5k	2018/19
Ceasing of the Furniture Service		£97k	April 2017
Completion of Hobby Rooms conversion to 10 new units let at affordable rent		£49k	September 2017

7. VfM Strategy – VfM Development Action Plan

7.1 All 4 actions in the plan with a target completion up to March 2017 were completed on time. These are:

- Implement new service delivery arrangements (achieved October 2016).
- Establish Service Transformation Monitoring Group (achieved October 2016).
- Establish Performance & Services Sub-Committee (achieved March 2017).
- Develop BCT Performance Management Framework (achieved March 2017).

7.2 The current BCT VfM Development Action Plan is:

Activity	Responsibility	Timescale
Implement alternative delivery options available for provision of furniture packs to tenants, with a view to reducing costs to the business and tenants.	Director of Operations	May 2017
Review of BCT transitional staff structure	Chief Executive	July 2017
Develop new strategy for buyback of properties based on NPV assessment.	Director of Finance & Resources	August 2017
Work with partner agencies to develop proposals for land development sites.	Director of Property Services	Ongoing

<p>Complete a net present value (NPV) calculation and 'traffic light' style viability assessment of all BCT assets.</p> <p>Detail of the 10 year capital investment programme based around delivering BCT's mission and corporate objectives.</p>	<p>Director of Property Services</p>	<p>November 2017</p>
<p>Complete funding agreement for payment of District Heating Infrastructure upgrade</p>	<p>Director of Property Services/Director of Finance & Resources</p>	<p>March 2018</p>

7.3 The Action Plan is subject to regular monitoring to ensure delivery of current activities and that new activities are added as required to ensure BCT continues to deliver VfM in the interest of its tenants and the wider community.