

Legacy Organisation Value for Money Promises

2013/14

**Our performance against these promises during 14/15
is highlighted throughout this document to show:**



PROGRESS MADE



PROGRESS HALTED



PROGRESS PAUSED AND REVIVED POST MERGER

Raglan Homes Limited (Stonewater 1 & 5)

Innovation

Promises	Responses	
Building on the success of our 20/20 programme and other research projects we will seek to develop and pilot a number of new service models.	<ul style="list-style-type: none"> Building on our customer demand research analysis we worked with the CIH Influencing Customer Behaviour project to develop the concept of a customer incentive programme for Stonewater. This forms part of our Transformation programme for the year ahead. 	✓
In particular we will look to create a sophisticated model of resident behaviour, which allows us to understand and predict likely demand as well as to better assess the impact of specific interventions.	<ul style="list-style-type: none"> We used Nudge Theory to amend our rent collection letters as part of a broader scheme to improve income recovery. 	✓
We will also expand our wellbeing research and improve our approach to measuring the social return on investment.	<ul style="list-style-type: none"> Our wellbeing research produced interesting results but was paused whilst a new customer insight approach is being developed and implemented across all of Stonewater. 	➤
	<ul style="list-style-type: none"> Implementing a methodology to measure Social Return on Investment (SROI) was paused pending the merger. Research has now resumed and during the year we moved closer to adopting a model of SROI throughout the business. The HACT model provides standard measures for calculating social benefit, enabling us to benchmark the impact of our work as a social business. 	✓

Digital Contact

Promises	Responses	
We will continue to invest in delivering digital functionality and access and we expect to increase the range of online services available to our residents.	<ul style="list-style-type: none"> Digital contact remains a priority for Stonewater and is a central part of our Transformation programme. The focus on increased digital interaction with customers has proceeded throughout the merger. The appointment of a digital customer contact services manager will enable us to move with some pace to move resident transactions on line. The main target areas will be our website and the resident portal. 	✓
In addition we will also increase the use of mobile and virtual technology; the use of Skype for meetings has been piloted and we will investigate use of skype for contact with residents for non-emergency appointments.	<ul style="list-style-type: none"> Increasing the use of mobile technology has been ongoing with a full roll out planned as part of our Transformation programme. 	✓

Costs

Promises	Responses	
We will set challenging targets for all departments to reduce costs and ensure that we maximise the amount of money which is spent providing and supporting frontline delivery.	<ul style="list-style-type: none"> At all levels throughout the business staff are thinking commercially, in line with our values, and there is now a culture of reporting VfM gains, both large and small, on a regular basis. 	✓
More broadly the organisation will also seek to work with suppliers to reduce costs and identify areas for further waste reductions.	<ul style="list-style-type: none"> No large scale procurement in RHA during this period. 	➤

Board Statement

Promises	Responses	
Add another additional 1272 homes over the next 10 years through merger.	<ul style="list-style-type: none"> The post merger Strategic Plan 2015/20 objective on Growth and Influence surpasses the promised number of homes. The objective outcome is "At least 3750 new homes provided by 2020". 	✓

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

Customer Service

Promises	Responses																																
Operational services are delivered in a manner which maximises accessibility and achieves high levels of customer satisfaction.	<ul style="list-style-type: none"> Repairs contracts continue to be supported by regular monthly contract review meetings to monitor both the cost and quality of the service provided. Unfortunately Jephson associations failed to meet the targets. The business decision was made that we needed to merge to provide VfM more efficiently and have greater strength in negotiating tighter contracts which provide better satisfaction. 	✗																															
In order for our stakeholders to make informed judgements about whether their rent and service charges are considered to be VfM we need to improve the communication about the services that we provide as a Registered Provider.	<ul style="list-style-type: none"> As Stonewater we will provide more cost effective/enhanced services i.e. digital access. 	➤																															
In addition, by providing comparative information to our customers they will be in a better position to make that judgement.	<ul style="list-style-type: none"> During 2014/15 Jephson reviewed the way it collected satisfaction data to steam line the process, identify the drivers of satisfaction to influence the business, rather than responding to poor results. This proactive market research methodology, building insight into areas of improvement, which should result in satisfaction, has been taken forward by Stonewater. 	➤																															
During 2014-15 we will be carrying out a comprehensive review of how we collect and analyse customer satisfaction data across a range of service areas.	<table border="1"> <thead> <tr> <th>Key Performance Indicator</th> <th>Association</th> <th>Target 2014/2015</th> <th>Top Quartile</th> <th>Actual to 31/12/14</th> </tr> </thead> <tbody> <tr> <td rowspan="3">% Tenants satisfied with repairs and maintenance</td> <td>JHAL</td> <td>84.0%</td> <td>85.7%</td> <td>83.7%</td> </tr> <tr> <td>JHHAL</td> <td>80.0%</td> <td>85.7%</td> <td>76.4%</td> </tr> <tr> <td>MHAL</td> <td>82.0%</td> <td>88.7%</td> <td>85.2%</td> </tr> <tr> <td rowspan="3">% Tenants satisfied their rent is VfM</td> <td>JHAL</td> <td>83.0%</td> <td>85.0%</td> <td>84.6%</td> </tr> <tr> <td>JHHAL</td> <td>80.0%</td> <td>85.0%</td> <td>75.0%</td> </tr> <tr> <td>MHAL</td> <td>84.0%</td> <td>87.6%</td> <td>79.0%</td> </tr> </tbody> </table>	Key Performance Indicator	Association	Target 2014/2015	Top Quartile	Actual to 31/12/14	% Tenants satisfied with repairs and maintenance	JHAL	84.0%	85.7%	83.7%	JHHAL	80.0%	85.7%	76.4%	MHAL	82.0%	88.7%	85.2%	% Tenants satisfied their rent is VfM	JHAL	83.0%	85.0%	84.6%	JHHAL	80.0%	85.0%	75.0%	MHAL	84.0%	87.6%	79.0%	
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Growth

Promises	Responses	
Corporate Plan objective 2014-19; Our development programme will provide an average of 360 homes every year.	<ul style="list-style-type: none"> The target for new homes to December 2014 was 270. 177 were completed. 	✗
Our strong financial position will enable us to continue developing new homes with and without grant and we will maximise the potential to increase the scale of the programme by optimising the return on our housing assets.	<ul style="list-style-type: none"> 9 were developed with Grant (SHG, LA or RCGF); 1 with SHG; 7 with a combination of LA grant and RCGF and 1 with just RCGF. The majority of the units were developed under section 106 agreements. 	✓
	<ul style="list-style-type: none"> Following the funding exercises at the end of 2014/15 which raised close to £90m for Stonewater, Stonewater 2 and Stonewater 3, and with the extension of an existing revolving credit facility in Stonewater 3, the next two years funding in the Strategic plan can be met from existing facilities. 	✓
	<ul style="list-style-type: none"> Stonewater's longer-term plans include capital spending on development and components of £100-120m per year. 	✓
	<ul style="list-style-type: none"> Our latest Corporate Plan approved by the boards of management in April 2014 predicts that these targets will be met in all years. 	✓

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

Income Management Performance

Promises	Responses	
We recognise that every empty property represents lost income and void management remains an area of close scrutiny and forms part of our assessment of the return on assets.	<ul style="list-style-type: none"> ▶ The JHA scrutiny panel has selected voids as an area of activity to review in 2014-15. The Jephson Scrutiny Panel undertook a void review in 2014 prior to the merger taking place. They then disbanded following this in order for the new Stonewater Scrutiny Panel to be formed. 	➤
We are working with HouseMark and a group of peer associations to review our costs and IT delivery strategies to seek out and benefit from potential savings and more efficient ways of working.	<ul style="list-style-type: none"> ▶ The Stonewater Scrutiny Panel has now been recruited with a full compliment + 2 members. They are starting their development programme in early July and their regulatory compliance status will be signed off by an independent advisor in March 2016. 	✔
	<ul style="list-style-type: none"> ▶ HouseMark and peer review was put on hold due to the merger. However; we adopted a private sector approach to the management of debt across Jephson and more recently Stonewater maintaining and improving core debt. This specialist approach to income management will continue in Stonewater, using one common IT platform to improve efficiency and reduce costs to support the delivery of the merger business case. 	➤
	<ul style="list-style-type: none"> ▶ We have sustained a comprehensive action plan to respond to the Government's Welfare Reform agenda supporting communities and individuals wherever possible. 	✔

Affordability through energy efficiency

Promises	Responses	
Fuel cost, general financial pressures on the Group's customers, and issues surrounding fuel poverty, are expected to remain a concern for the foreseeable future.	<ul style="list-style-type: none"> ▶ Between April 14 and March 15 Jephson spend £96k on insulation works to improve the energy efficiency of homes. 	✔
It is recognised that as a responsible Registered Provider more needs to be done to maximise the energy efficiency of our properties. We are committed to reducing the number of properties that have an energy rating below the national average by ensuring a continued focus on our affordable warmth strategy, which is supported by additional funding for 2014-15 of £53k to invest in energy efficiency measures.	<ul style="list-style-type: none"> ▶ The point is also made that an element of window and boiler replacement spend could also be regarded an energy efficiency but is not identified by this category. 	✔

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

Our performance compared to others

Promises	Responses	
We have continued to review our ASB service, which was a contributing factor to our poor performance in housing management and we have taken a number of actions and therefore expect a reduction in the cost and an improvement in the quality of the service over the coming years.	<ul style="list-style-type: none"> › In 2014 Jephson and Marches participated in the Chartered Institute of Housing "Working together to deliver excellent ASB service" project. The overarching aim of the project was to work together, sharing best practice and innovations so that collectively we can build upon existing good practice and develop new way to effectively tackle ASB. 	✓
The Group continues to be an active member of HouseMark, and will continue to benchmark against both sector and non-sector providers (where comparable data is available) to identify areas where further improvements and VfM gains can be made.	<ul style="list-style-type: none"> › The ASB policy and procedure now has guidelines, which are sharper yet also flexible ensuring consistency across the Group but allowing for differences in operating environments. 	✓
	<ul style="list-style-type: none"> › Tenant satisfaction with our ASB service rose from 74% in 2012/13 to 83% in 2013/14. 	✓
	<ul style="list-style-type: none"> › Jephson Associations total cost per property for the ASB activity remained in the middle lower quartile when compared with our HouseMark peer group but the ranking improved from 2012/13. 	✓
	<ul style="list-style-type: none"> › Marches total cost per property remained in the bottom quartile. However, tenant satisfaction with the ASB service moved from the bottom quartile to the middle lower quartile. 	✗
	<ul style="list-style-type: none"> › However, tenant satisfaction with the ASB service moved from the bottom quartile to the middle lower quartile 	✓

VfM in supporting staff

Promises	Responses	
We will put in place measures and actions to ensure that staff are satisfied with the association as an employer.	<ul style="list-style-type: none"> › JHAs staff had the opportunity to review the results of the staff survey and a task and finish group collated those views to develop an action plan to maintain or increase satisfaction with the association as an employer. 	➤
We recognise that the merger may adversely impact on staff satisfaction and our target for 2014-15 is for the JHAs and MHAL to remain in their respective top quartile.	<ul style="list-style-type: none"> › An action plan to address areas of concern was agreed including increasing the information and frequency of team briefings, which has been further enhanced within Stonewater. "Our Community" Stonewater intranet has also been introduced to ensure staff are fully informed on a range of issues. 	➤
We will continue investing specific training identified to improve and support staff to be high performing.	<ul style="list-style-type: none"> › We have achieved improved VfM by reducing our dependency on external training providers in favour of developing internal consultants. Through internal consultant delivery we can also add value to the programmes, relating them closely to our procedures. Specifically we will save £4763 per course of 8 delegates for an internally delivered IOSH course. 	✓
	<ul style="list-style-type: none"> › Cost savings have enabled us to provide resources in other areas of learning and development that have become priorities this year. 	✓
	<ul style="list-style-type: none"> › We have had cost savings from the introduction of the fire safety awareness e-learning programme. 	✓
	<ul style="list-style-type: none"> › Further Education subsidies have resulted in £3300 of savings and allow us to further our provision for professional qualification education. 	✓

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

Performance monitoring

Promises	Responses	
The drive to reduce costs continues with a more challenging budget for 2014-15 ensuring that costs do not grow more than income and a range of further procurements in 2014-15 will be undertaken.	<ul style="list-style-type: none"> › The approved budget for 2014/15 delivered an overall surplus as a percentage of turnover of 5.4%. 	✓
	<ul style="list-style-type: none"> › Income for 2015/16 has been budgeted to increase by CPI +1% and costs not to exceed CPI + 0.5%. The budget meets the loans covenants for all three Associations within the Group and viability targets set by the Board. 	✓

Resident scrutiny

Promises	Responses	
The JHA Scrutiny Panel identified opportunities to reduce void costs and increase customer satisfaction in this area. They made their decision to focus on this service area based on performance, complaints, benchmarking and audit information.	<ul style="list-style-type: none"> › The Jephson Scrutiny Panel undertook a review of a mini review of the code of conduct for contractors and a major review of voids in 2014. 	✓
	<ul style="list-style-type: none"> › Further work is underway at MHAL to consider the recommendations and practicalities of introducing alternative methods of recovery and distribution of grounds maintenance service charges. 	›
	<ul style="list-style-type: none"> › All other planned reviews were put on hold due to the merger. As the integration of the new organisation proceeds, we will work with the panel to identify how they can make an effective contribution. 	›

Procurement

Promises	Responses	
<p>The procurement plan for 2014-15 is being developed jointly with RHG as the merger progresses and the value of procurements offered to the market will be enhanced. It is anticipated that this will further increase the potential to achieve cost savings and efficiencies while demonstrating fairness and transparency in line with the EU regulations, which apply to our business.</p>	<ul style="list-style-type: none"> › This was paused whilst the merger progressed 	›

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

Sustainability

Promises	Responses	
We regularly review the long term viability of our stock, apply high maintenance standards, and make informed reinvestment or stock rationalisation decisions in order to ensure that our housing stock continues to meet the needs and aspirations of future tenants and contributes to meeting government targets for the reduction of greenhouse gases.	<ul style="list-style-type: none"> › In terms of the overall asset base, the percentage of stock (Jephson and Marches) assessed as high and medium risk has remained fairly static compared with the 2012-13 assessment. The number of red schemes has reduced from 11 to 3. 	✓
We will explore ways to enhance the effectiveness of our assessment model and will continue to measure the return on assets to ensure the Group invests in the right resources.	<ul style="list-style-type: none"> › There are 31 properties acquired through rehab programmes that have been identified as requiring further investigation to establish the cause of poor financial performance and the outcome could range from further planned maintenance to address high repair costs or may result in disposal subject to the relevant approvals. 	➤
We will review good practice and challenge the extent to which our own approach to asset management and reviews of sustainability are fit for purpose.	<ul style="list-style-type: none"> › As a result of the assessment, schemes such as Stourbridge Road in Dudley have been remodelled and modernised and Huntley Lodge in Leamington Spa is earmarked for disposal. 	✓

Effective treasury management

Promises	Responses	
As part of the merger we plan to develop a new group treasury strategy, which will create a greater financial capacity for the new group than as individual groups.	<ul style="list-style-type: none"> › No new facilities were arranged in S2, S3 or S4 during the period Apr –Dec 14. 	➤
We will achieve this by minimising costs, maximising the value of current income streams and exploring other opportunities to extract more value for money from the business whilst monitoring and managing risk.	<ul style="list-style-type: none"> › As part of the merger arrangements it was agreed that S2 would reduce its loan facility with Barclays by £20m and the first repayment of £10m was made in Jan 2015. 	✓
	<ul style="list-style-type: none"> › Since Dec 2014 a new £15m bond facility has been arranged by S3 with Affordable Housing Finance (part of THFC) and at March 2015 the loan (£17.5m including the premium on the sale of the bonds) had been drawn with the money invested in Escrow Bank deposit accounts on behalf of the Association. 	✓
	<ul style="list-style-type: none"> › In addition a new Bond issue has been agreed between S2 and Stonewater Funding in the sum of £20m. 	✓
	<ul style="list-style-type: none"> › Work has been carried out to get properties ready for securing to funders but none were completed in the nine months to Dec 14. Since then we have secured £14m to Royal Bank of Scotland and £17.5m to the Stonewater Bond. 	✓
	<ul style="list-style-type: none"> › Work is progressing to secure properties to the new AHF Bond in order to release the funds from the Escrow deposits. We are also working to prepare a further 750 units for charging to future loan facilities. 	✓

Jephson Homes HA Limited, Jephson HA Limited & Marches HA Limited (Stonewater 2, 3 & 4)

SROI Methodology

Promises	Responses	
Agree a strategy on social return on investment by September 2016 to enable the wider impact of Stonewater's work to be captured within the VfM self assessments.	<ul style="list-style-type: none"> Having considered the options for measuring SROI a report has been included on the agenda for the finance committee and Board proposing that we adopt the HACT methodology. 	✓
	<ul style="list-style-type: none"> Adopting SROI has the potential to demonstrate how much additional value is generated for the wider community by the range of investment and operational decisions made by Stonewater, enhancing the reputation of the organisation as being more than solely a social housing landlord and instead, one that delivers additional value through its core business activities. 	✓

Governance

Promises	Responses	
Both JHAG and RHG had strong governance arrangements prior to the merger in late 2014 to create Stonewater. The current Stonewater board has been independently verified as having the skills required to lead integration.	<ul style="list-style-type: none"> The parent board has 12 members including two executives. The same individuals form the membership of the four other charitable registered providers. This streamlined arrangement provides for efficient governance and is underpinned by an intra-group agreement and a conflicts procedure. 	✓
	<ul style="list-style-type: none"> Membership is reviewed annually to ensure that the Board has the skills and experience to respond to changing priorities and strategic direction. The succession plan provides for a 25% reduction in members over the next 5-6 years. 	✓
	<ul style="list-style-type: none"> The board is supported by 5 functional committees, each of which comprises a mix of board members and independents. This provides for governance oversight of each directorate and releases the board to focus on strategic direction and top-level performance cross the organisation. 	✓
	<ul style="list-style-type: none"> In addition there are three geographical Operations Committees, which oversee performance at Divisional level. These each include three resident members ensuring customer input to service delivery. 	✓

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