



**Value For Money
Self-Assessment Statement**

2014 - 2015

INTRODUCTION

Chapter 1 exists to enable those with particular needs to live ordinary lives within the community. We aim to provide safe, high quality social care, support and housing services to the homeless, including victims of domestic abuse.

Whilst we provide accommodation and support services to individuals, we also provide services and seek to generate income for our charitable purposes through social enterprise activity such as our international students' hostel and furniture re-use project.

Our Mission: 'Changing Lives, One by One'

This statement summarises our mission. Chapter 1 is a Christian charity with roots going back to 1920. Our entire cause is to help change the lives of the most vulnerable people in society – while understanding that we must learn and develop in the process of supporting others. We believe each life is important, and we are committed to helping people understand their own potential and assisting them in reaching that potential. We seek to "change lives one by one" by providing the following:

- **Homeless projects** - accommodation and support for homeless, vulnerable people
- **Family contact centres** - child-friendly environments for separated families needing support with child contacts
- **Refuges** - safe, secure places for people fleeing domestic abuse
- **International student hostel** - safe, affordable accommodation for international students, providing a home away from home
- **Social enterprises** - training and work opportunities for vulnerable people, which provide invaluable services to their local community, while also providing the opportunity for the Charity to generate income. Our social enterprise work includes our Private Sector Leasing Scheme, a national initiative which provides affordable rental accommodation to low income households.

Delivering our Mission – 'Changing Lives, One by One'

All activities seek to deliver the organisation's mission. We have identified priorities and actions that we intend to take to do this and which are appropriate for this organisation, which is founded on a strong Christian ethos.

These can be summarised as:

1. **Culture and Values:** These have been set by the Board and are delivered by the Executive throughout the organisation. All activity is carried out in accordance with our culture and values and all our people – Board, Executive and staff - work in a way which supports this.
2. **Service:** We have strategic plans that set the direction for the organisation and provide the framework within which we operate. We have taken the decision to work within a defined sector in supported housing as we are experts in providing support and accommodation to vulnerable homeless young people. As a specialist provider we are able to focus our activity on the provision of services that support the

organisation's mission. We are reviewing all business planning process and procedures during 2015-16 in order to confidently demonstrate the standards, effectiveness and appropriateness of our services while striving for excellence.

3. **Quality:** We intend to further improve our performance management with the intention of demonstrating excellence at all levels of the organisation and at all points where our services impact upon stakeholders.
4. **Effectiveness:** we will be an effective organisation through our people, property, application of technology, and design of infrastructure. We intend to continually learn and develop in all aspects of our business and bring coherence to ensure a viable, sustainable organisation for the 21st Century. We will improve identification of risks to our business and also the means by which we communicate our successes.

Our operating context

Chapter 1 operates across more than 40 local and administrative authorities across the South of England, the Midlands and the North West of England. The Government has put forward plans to make further changes to their Welfare Reforms having the following impact:

- Reduction of benefit cap to £20k a year for one family (£23k inside London) from April 2016;
- Extension of Right to Buy for Housing Association tenants;
- Actual reduction in social rents of 1% a year for the next four years.

In the face of these changes, and as more details of these reforms emerge, we will measure and test their impact on our Business Plan.

Delivering Value for Money at Chapter 1

For Chapter 1, Value for Money (VFM) means making the best use of our property assets and other resources available to us to deliver the highest standard of services and achieve the best outcomes for our service-users and stakeholders nationwide. We recognise that achieving value for money for all our stakeholders involves understanding the relationship between economy, efficiency and effectiveness. VFM is achieved when there is a balance between economy, efficiency and effectiveness leading to, relatively low costs, high productivity and successful outcomes.

Chapter 1 strives to provide the best quality service it can for those using its services and other stakeholders, in the most economical, efficient and effective way possible.

Chapter 1 believes that achieving VFM is integral to the success of our business. Central to our approach is generating income streams in ways which are ethical, which support the mission and values of the organisation and which also serve the most vulnerable in society.

Following a review of our organisation in 2015, we have gained a greater depth of insight into our approach to VFM and have used this to identify and implement areas for improvement in order that the Trustees and organisation can be confident that VFM is

central to our corporate strategy, our business plan, and our financial and asset management strategies.

Chapter 1 is developing a new five-year strategy (2015-2020) to ensure the viability and sustainability of the organisation. The VFM improvement plans for 2015-16 are presented in this document.

In developing our approach to VFM for the coming year we will consider what delivering value for money means for all of our stakeholders. For the year to which this statement pertains, stakeholder group expectations with regards to value for money were understood as follows:

- **Current and potential future residents and service users** expected us to be a good landlord and service provider that delivers high quality services and deliver good value for money in return for them paying for the services that we deliver.
- **Regulatory bodies** expected us to be a well governed and efficient registered provider of social housing and social care services who meets the relevant regulatory codes and standards.
- **Local authority partners** wanted us to help meet housing and social care needs by providing effective services in the areas in which we work.
- **Lenders** wanted us to continue to be a borrower with the ability to operate viability and meet our loan facility commitments.
- **Staff and colleagues** wanted us to be an excellent place to work that offers training and development opportunities and support to staff in achieving their potential.

Important in ensuring that our stakeholders have confidence that we are achieving value for money is being transparent about our spending, our performance, and our plans for the future. Alongside our VFM statement, we share key documents on our website. Most relevant to this document and our performance in achieving Value for Money are our 2014 / 15 Annual Report and our 2014/ 15 Financial Statements.

Governance

Chapter 1 is governed by the Homes and Communities Agency (HCA) and the Charities Commission. Following recent judgements (made after the period to which this VFM Statement pertains) by the HCA which downgraded Chapter 1's Financial Viability and Governance compliance to V3 and G4 respectively, Chapter 1's Board are currently making a number of changes to the organisation.

The Board has performed appraisals on all its Trustees, to determine the current skillset within the Leadership, to ensure that it is best placed to lead the organisation during this challenging time, and to address the issues on Governance. A number of long serving Trustees stepped down and an on-going exercise is being conducted to appoint appropriately skilled Trustees to the Board. In September 2015, the Board appointed a new Chair.

An exercise is currently underway to appraise all Trustees to ensure that there is the right set of skills on the Board to support the Management Team, and to ensure the charitable objectives of Chapter 1, and its social housing assets are safeguarded for the future. New trustees will be appointed in line with any skills gaps found following this review.

In response to the day to day running of the charity, in late April 2015, a new Chief Executive Officer was appointed. The CEO is responsible for ensuring the Executive Team structure is appropriate to respond to the priorities now facing Chapter 1. A new Finance Director was appointed to the team in July 2015, and a project is underway to identify and then recruit other Executives to the team to ensure a robust and experienced team can manage the operations of Chapter 1 effectively.

The Board has prepared a detailed Action Plan addressing all issues identified by the HCA following the downgrade, with the assistance of a Professional Consultancy firm, Altair, in line with its Voluntary Undertaking issued to the HCA in September 2015.

LOOKING BACK – REVIEW OF 2014/15

In 2014/15 our performance fell considerably short of the high standards expected and outlined above. The organisation has taken urgent action to address these issues and is working to strengthen both the executive team and Board of Trustees. The organisation's new leadership are developing an improvement plan and new strategy for 2015-16.

Our assets

The performance of our assets is one of the cornerstones of our business and a vital factor in achieving VFM. Understanding our assets - what we have, our return from them – is important in evaluating whether we are using them as effectively and efficiently as possible to help us achieve our goals. Our knowledge of our assets and how good we are at getting the most from them is under detailed review to ensure they achieve value for money. The results of the review will be published in our 2015/16 VFM statement.

We have a varied portfolio, including new build purpose built accommodation, converted existing properties, student accommodation and refuges. As at 31 March 2015, Chapter 1 managed 1,555 housing units in the following categories:

Service			
General needs	Care Homes	Student	Supported Housing
887	5	152	511

Build Type		
Purpose Built	Converted	Other (PSL)
121	499	935

Client Group					
General	Students	Ex-offender	Alcohol / Drug rehab	Parent and baby	Domestic Abuse
887	152	18	87	51	21
Families	Young People	Care leavers	Single	Mental Health	
4	137	18	152	28	

Service	Turnover £ '000
General needs	5,396
Care Homes	138
Student	1,385
Supported Housing	9,844
Non housing	833
TOTAL	17,596

This table summarises income by service type. Supported housing accommodation, representing 33% of the units, currently generates 56% of the income.

Keeping our assets, which are our tenants' homes, in good condition, is a priority for us and nationally it is an indicator of tenant satisfaction with their landlord. The total expenditure on Repairs and Maintenance in 2014/15 was £406k. Chapter 1 conducts a survey with residents each year to determine overall satisfaction levels. In the last survey (available on request) 74% of clients were either satisfied or very satisfied with repairs to their accommodation. This figure is lower than the national average of 79% (Housemark News 15/04/15).

Following these results, meetings with clients identified that improvements in training were needed to ensure that clients were given a better explanation and understanding of the time frames within which categories of repairs were due to be completed. The target for satisfaction levels for the 2015/16 is 79% which would bring our performance in line with national averages.

It is important that Chapter 1 provides modern, safe, warm and environmentally friendly housing that has a long-term future, so that it meets the needs of both current and future residents. We also aim to make the most efficient use of resources when investing in or divesting of our stock.

Chapter 1, in line with the Empty Homes programme, has refurbished two large developments and brought a number of units back into use, whilst tackling the homeless crisis:

Mildmay House

The refurbishment of Mildmay House was completed in September 2014. It was a £5.6M refurbishment of which £1.5M was funded by the HCA. The building was no longer fit for purpose and the refurbishment was designed around the needs of the clients that would be using the service.

The old building consisted of 53 rooms and some communal facilities that were not being effectively used due to the configuration. The refurbished building has 37 en-suite rooms arranged in small clusters. There are also 11 self-contained flats. The accommodation and training facilities are fully accessible.

At the centre of the building there is a large training kitchen and a communal space that is furnished with computers, TV and coffee areas. This area is used by clients and staff as a working and relaxing space and the environment created fully embraces the Homeless Change Programme.

The building has been double glazed and has had a new heating system installed, both of which have reduced energy costs considerably. A new security system has also been installed which allows each of the different areas to have access that is controlled. This has increased the sense of wellbeing and safety for clients.

The Audited business plan for Mildmay showed an NPV over 30 years of £1.9M. For the 5 months to August 2015, the scheme has so far made a surplus of £17k. It is projected to break even in its first year, but is currently operating ahead of this.

Asa House

Asa House is a 30 unit refurbishment, designed to provide affordable, quality homes in Plymouth City Centre, with a total project cost of £4M. Chapter 1 secured funding of £1,050k from the HCA to develop 30 units in Plymouth City Centre for local people. Plymouth CC

also awarded a grant of £150k towards the refurbishment of the scheme. The one and two bed properties will be accessed by local people via Plymouth Council Local Choice Based Lettings.

The Asa House business model shows an NPV over 30 years of £522k. Although the scheme is expected to make a deficit in its first (incomplete) year of £35k, before interest and depreciation, this is positive earnings of £24k or 40% of turnover.

Termination of Services

Chapter 1, if required, will make the difficult decision to terminate services if they are no longer viable, or require significantly more resources from other services to operate. Management is continually reviewing services in the light of a more challenging economic environment, and as a result of some poor corporate decisions made in the past. In 2013/14, Chapter 1 made the difficult decision to close a domestic abuse support service in Somerset, which was significantly more expensive to operate than forecast. In addition, a development in Torbay was aborted during the project as the business plan was no longer viable.

Reaching Out South West service was closed due to the termination of Supporting People funding to deliver support to clients. The service was not financially viable due to the loss of this funding and so an alternative and more financially viable use of the properties was sought. Following a full appraisal a number of properties that were part of this scheme were transferred to the Torbay PSL River House, a purpose-built 11 bedroomed hostel owned by Chapter 1. The Supporting People grant on this property was terminated at the end of March, and following a financial appraisal it was decided that it was not financially viable to continue with this service beyond March. An agreement was reached with another Registered Provider to lease the property under a Managing Agent Agreement with a good financial return to Chapter 1.

However, in future Chapter 1 will ensure that it does not enter into contracts or services without robust sensitivity testing on business plans.

Stock Condition

Chapter 1 conducts full stock condition surveys throughout the year, for all its owned property. The works required are reported on the following categories:

- planned capital works
- planned maintenance
- compliance and health and safety.

For forecasting and budgeting purposes, the Management Team use a seven year detailed property plan.

Financial return on our assets

The overall performance indicator that we use is the core return on assets which we calculate as the surplus before tax, excluding property sales, over housing properties before depreciation, and excluding grant funding.

The table below shows some of the key financial ratios showing different ways to measure the financial return on our assets.

Key financial ratios (2013/14)			
Key Performance Indicator	2014	2013	2012
Return on assets ¹	(1.65)%	(3.73)%	2.45%
Operating costs per home (inc Supporting People) (£'000)	11,813	12,516	11,336
Operating costs per home (exc Supporting People) (£'000)	8,971	8,945	7,394
Operating surplus per home (£'000)	(506)	(579)	38
Inward investment (£'000) ²	1,141	2,815	949

Chapter 1 is a specialist housing provider, with specific objectives and outcomes. As a result, it is difficult to benchmark against similar organisations. However, Chapter 1 is now engaging much more closely with a number of providers, in similar sectors and providing very similar services. Data is shared in order to produce strong benchmarking results, and this will be reported next year.

Social return on our assets

The economic performance of our assets alone only reveals a partial picture about our business and our purpose. The 'social dividend' helps to give a more rounded picture. This is defined as the rental income sacrificed by not renting our property assets at market value, or put another way, the cash saved from the Housing Benefit bill.

For Chapter 1 the difference between our social rents and market rents generated a social dividend of £1.3m for the year, as shown in the following table.

¹ Using accounts for 2013/14. Calculated as 'Surplus before tax excluding property sales over Housing properties before depreciation less SHG and other grants.

² Calculated as costs incurred on existing properties

PSL Scheme - at affordable rents (LHA to 80% of market rents)	Total annual potential rental saving per annum, £
Aylesbury Vale	26,200.20
Basingstoke and Deane	77,923.56
Bristol; City of	77,736.36
Cheltenham	50,341.72
Cornwall	229,972.08
Cotswold	35,918.48
East Devon	16,781.44
Forest of Dean	14,164.80
Gloucester	209,642.16
North Somerset	205,926.24
North Warwickshire	36,092.68
Nuneaton and Bedworth	4,151.68
Plymouth	2,425.28
Sedgemoor	26,377.00
South Gloucestershire	14,113.32
South Somerset	20,629.44
Stratford-on-Avon	88,190.44
Stroud	11,412.96
Taunton Deane	10,747.88
Teignbridge	6,396.00
Tewkesbury	15,358.20
Torbay	87,343.88
Warwick	37,817.00
West Devon	2,126.80
West Somerset	4,196.40
TOTAL	1,311,986.00

Whilst it is important to be aware of the 'social dividend' that is being achieved from our housing stock, it is also vital to be aware of the wider social impact of the services that we provide. This includes the impact of our work and services on our customers, their communities, and in society in general. We measure our social impact in a variety of ways. During 2014/15 Key Social Indicators indicate VFM in the following areas:

a) Tenant satisfaction

Overall satisfaction – Chapter 1 carries out Client Satisfaction Surveys every six months. The frequency of the surveys helps to capture views from more transient clients, as well as longer-term clients. In 2014/15 86% of clients said that they were either satisfied or very satisfied with the overall service from Chapter 1. This figure compares very favourably with national responses (Housemark News 15/04/15). Some comments from clients included "this Service has helped me in many ways," "the Service is excellent" and "staff are very professional but can also have fun."

Satisfaction levels collected through the survey are validated at Client Representative Cluster meetings held quarterly. The survey results also go to the National Forum, (a client-led forum that reports directly to the Executive), which approves any recommendations that are made following the results. Each service is required to meet

with clients to share the report and to form an action plan to address issues raised through the surveys.

b) Planned move-on rates

Planned moves from Chapter 1's supported accommodation was 78%. This figure has improved from 2013/14 by 2%, however, it is still below the average performance of our peer group (84%).

c) Other initiatives that support young people into independence include the following:

Breakfast Clubs

Breakfast clubs is an initiative that is used in a number of Chapter 1 services. It provides structure for clients who have often led chaotic lives as well as ensuring that they have a healthy start to the day. This is often used as a vehicle to invite people from other agencies to address issues in an informal setting where clients are more open to engagement. This initiative increases client engagement with both support workers in the service and external agencies. An example of this is at Mildmay House in Liverpool where a nurse from the local GP surgery comes into the service as part of the breakfast club arrangements and holds a surgery at the hostel. Clients who would normally not engage with primary health services are able to register with a GP and have an initial health check. There has been a reduction of hospital admissions for all clients but in particular the entrenched rough sleepers.

Training and Employment

Chapter 1 provide several initiatives to improve training and employment outcomes for clients. All of our support services offer 1-2-1 and group activities either in-house or in partnership with other agencies to improve the clients' prospects of both training and employment. Examples of our initiatives include:

Stephen House, Walthamstow: As a result of a partnership with CIT Bank, clients were offered the opportunity to do a 6 week work placement and support to prepare a CV which had to be submitted as part of the interview process. 50% of those completing the programme went on to fulltime employment or training.

An initiative in Exeter offering volunteering and employment opportunities to clients in recovery. A cleaning and maintenance service has been set up to achieve this. During 2014/15, 20 clients completed a range of health & safety and food hygiene courses. Of the 20, 15 clients achieved 1,338.25 hours of employment and seven clients entered employment.

A £5m refurbishment in the North West. the scheme provided training and employment opportunities for clients throughout the refurbishment. Over 8,659 hours of construction-based skills development were provided and two clients were employed for the duration of the refurbishment as labourers and two further salaried positions as security staff.

One of the strategic objectives for 2014/15 was to roll out Chapter 1's Tenancy Training programme in all relevant services. The programme runs eight modules which include

managing your tenancy, managing your money, healthy eating and dealing with conflict. As a result of the programme planned moves were improved, increasing them from 72% to 78% and anti-social behaviour was decreased by 3%.

Chapter 1 has also developed a training hub to provide learning opportunities to homeless young people in Manchester. Working in partnership with Manchester Adult Education Service we delivered short courses in tenancy training, music and sports leaders awards, and workshops, classes and projects in employability, healthy eating, football, housing and gardening. We have reached 123 individual learners (31st March 2015) with 5,378 guided learning hours over the year. Out of those enrolled, 96% have successfully completed and achieved the programme, with:

- 82% achieving a positive outcome
- 11% entering employment
- 18% entering work related activity
- 41% entering further education
- 12% gaining their own property.

Doorsteps Sports Club

Chapter 1 Doorsteps Sports Club was set up in partnership with StreetGames with the aim of bringing greater sporting and physical activity opportunities to young people most in need and facing the highest levels of deprivation. In partnership with other charities we have to date provided 347 youngsters with support.

Amazingly for this client group, only three young people have been evicted from their accommodation following attendance at the projects. Many have gained employment, become volunteers themselves or have moved on positively.

Chapter 1 Contact Centres

Chapter 1 is not just about providing housing and community facilities for its beneficiaries. It provides invaluable and free services to enable families and individuals to communicate to each other. Services also enable some of the most vulnerable individuals in society access vital services, including education and health.

The Chapter 1 Contact Centre in Preston supports families who are struggling to maintain or reinstate independent contact for their children. Varying interventions are designed to create an individual approach to family situations thus enabling parents and children to move forward progressively to a sustainable outcome.

In 2014/15:

- 30 cases were undertaken for CAFCASS, with each one achieving a resolution
- 41 children have been able to learn more about their identity
- 15 cases have been supervised for Local Authority law cases
- 16 children are thriving with new families whilst still maintain regular healthy contact with their biological parents

- As part of the separated parents information programme, 303 parents attended, and understood the effects on their children in order to make positive changes.

More information on the work that Chapter 1 does in these areas can be found on our Website.

Whilst we are committed to continuing the work we do which creates social value, we are still very much developing our thoughts on how we measure the social value and impact of our work in this area in a quantifiable way. This is something that will be reviewed over the coming year.

Environmental return on assets

Chapter 1 is committed to minimising the impact of its activities on the environment. To achieve this Chapter 1's approach involves:

- Minimising waste by evaluating operations and ensuring they are as efficient as possible;
- Actively promoting recycling both internally and externally amongst its clients and suppliers;
- Sourcing and promoting products aimed at reducing their environmental impact;
- Meeting government targets of reducing CO2 emissions.

Examples of the above can be found in our Central Office/Student Hostel refurbishment where Chapter 1's energy efficient improvements include a solar thermal hot water system which has resulted in a reduced carbon footprint and savings on our energy costs.

Chapter 1 has a number of social enterprise schemes that provide significant environmental impact, such as 2nd Chance, a furniture recycling store, recycle shop on a council estate, and a food bank. This:

- Allows low income families to furnish their properties and access food at a low cost;
- Reduces the need for landfill thus helping the environment – 396 tons of goods were saved from landfill in 2014-15;
- Provides volunteering and training opportunities to marginalised people working in the store. There were 122 volunteers in 2014-15 working a total of c. 783 hours per week. During the last 18 months 22 volunteers have moved on to paid employment.

How we measure our environmental impact is currently under review and we expect that an output of the review to include a defined methodology for calculating our total environmental impact to help us establish how we can effectively and economically measure the impact of our efforts to reduce our impact on the environment.

Our costs and performance

Chapter 1's Board and new leadership continually review performance to ensure continuous business improvement can be made. Individual schemes and contracts are monitored to ensure that performance and value is being met, and remains in line with corporate and charitable objectives.

Financial performance

Chapter 1's financial performance for 2014/15, whilst a slight improvement on the previous year, is still not acceptable. Although banking covenants were met during the year, 2014/15 results highlighted the need to have a thorough review of all operations throughout the organisation to determine where the losses were being made. We have conducted a preliminary review of the financial result of our different business streams and have successfully identified key areas of concern. More detailed reviews and discussion are currently underway which will enable us to decide the future of parts of the business with poor financial performance. As previously identified, Chapter 1 has closed services where business plans have no longer been considered viable.

Summarised Income and Expenditure

Chapter 1 Charity Limited Income and Expenditure Account for the Year Ended 31 March 2015					
	Housing Activities	Non- Housing Activities	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Turnover					
Letting activities	11,739	138	11,877	10,283	7,915
Supporting People contract income	4,068	-	4,068	4,479	4,284
Revenue grants	-	-	-	-	-
Other operating income	1,651	-	1,651	1,512	998
Total Turnover	17,458	138	17,596	16,274	13,197
Operating Costs	(17,560)	(117)	(17,677)	(16,369)	(12,959)
Operating Deficit	(102)	21	(81)	(95)	238
Interest receivable and similar income	43	-	43	118	101
Interest payable and similar charges	(303)	-	(303)	(201)	(164)
Deficit on ordinary activities	(362)	21	(341)	(178)	175
Unrealised gain on investments			39	29	112
(Loss) on disposal of assets			-	(322)	0
Deficit for the year			(302)	(471)	287

Income has increased year on year, as a result of an active decision to mitigate against the future reduction of supporting people grants. The 30% increase in turnover between 2013 and 2014 is predominantly the PSL division, where a very active approach was taken to secure leases for general needs.

Although PSL was making a loss in 2013, the deficit in 2014 was mainly due to the closure of a scheme which had proved unsuccessful. The loss represents the invested capital.

2014 did continue to see the PSL division make losses, which resulted in a full business plan review in 2015. Year to date, although PSL is still making a loss, this is significantly lower than the last financial year, as a result increased control over the loss making schemes.

Management performance

Below, the organisation sets out the 2014-15 financial performance data and the VFM gains in this Self-Assessment.

Key Performance Indicator	Chapter 1 2014/15	Chapter 1 2013/14	Peer Group Medium * 2013/14
Number of lettings	1,602	1,820	519
Average re-let times	12.5 days	14 days	74 days
Service user planned departures	77.6%	76%	84%
Rent collected – supported housing	98.9%	97%	95%
Current arrears – supported housing	7.8%	4.7%	5.25%
Former arrears – supported housing	3.9%	2.0%	1.14%
Void losses – supported housing	10.7%	7.5%	6.6%
Emergency repairs completed within target	92.7%	100%	97.6%
Urgent repairs completed within target	89.6%	96.2%	96.1%
Routine repairs completed within target	94.8%	98.4%	96.9%
Total staff turnover	33.63%	11.0%	7.4%
Agency staff costs as % of payroll	4.64%	7.4%	5.1%
SP block grant income as % of turnover	23.67%	28%	22%
Operating cost as % of turnover	100.5%	99%	92%

Maintenance expenditure as % rent budget	3.11%	3%	19.3%
Reactive maintenance % of total	73.42%	63%	47.1%
Planned maintenance % of total	26.58%	36.3%	52.9%

* Source: Housemark

Chapter 1 perform well against peer group averages for rent collected (supported housing) and agency staff costs as a percentage of payroll. However, we note that there are several areas in which we are falling short of our peer group. Our priority areas for improvement are supported housing arrears, void losses, emergency and urgent repairs, staff turnover and the split between reactive and planned maintenance.

Chapter 1 does acknowledge that the benchmarking against peer data is not currently perfect, due to the specialist nature of our service provision. However, Chapter 1 is now actively engaging with organisations of a similar size and service provision, in order to make meaningful comparisons against performance. This involvement not only allows for best practice, but will also open up opportunities for partnership working and shared services.

Human resources

Chapter 1 values its employees however, in the face of the challenging environment and poor performance in 2014/15, staff have not had the same level of support as previously provided as resources have been reallocated elsewhere. With the organisation looking at driving improved structures and efficiencies, the new leadership will be conducting a far-reaching assessment of staff satisfaction and effectiveness in 2015/16.

Our staff – Staff Satisfaction

Staff turnover for the period 2014/15 was 33.63%. This was a significant increase on the previous year and, while this reflects some of the challenges faced by the organisation in that year, this is of significant concern for the new leadership of the organisation. Chapter 1 affirms that the organisation's staff is its most valuable asset, and 2015/16 will see the start of the establishment of the Chapter 1 People for People Strategy. In order to best frame and design this strategy, Chapter 1 will be conducting a far-reaching survey and assessment of staff satisfaction. This work will commence in October 2015 and result in a full and measurable action-plan to commence at the end of January 2016.

Staff sickness and absenteeism

We have not had an efficient or effective HRIS in place that has enabled us the organisation to effectively monitor and collect data on short-term and long-term absences across the organisation. For the period 2014/2015 there were 17 instances of long term. We will shortly be implementing a new HRIS system and a new Attendance Management Policy which we expect to greatly improve our monitoring of short and long term absence across the organisation.

Investing in staff – training and development opportunities

Chapter 1 organises and delivers learning and development opportunities both centrally and locally. During 2014-15, 71 learning events were organised centrally and 103 local courses were attended by Chapter 1 staff. In total, staff attended 582 training days in 2014-15. In addition Chapter 1 offered 150 courses for staff to access. This only equates to an average of 2.77 training days per FTE staff member for the year 2014/15. The new leadership of Chapter 1 intends to improve this average with the intention of consequentially driving excellence in service delivery.

Chapter 1 also maintains a Training and Development fund each year, specifically used to fund professional training, and is available to every employee. Any employee wishing to access the fund must submit an application. In 2014/15 five applications were successful and received professional skills funding ranging from £1,000 to £5,000.

Approximately £100,000 was spent during 2014-15 on staff learning and development. This includes the cost of events, staff time and travel. This equates to an investment of approximately £170 per training day. A VFM assessment will be conducted in 2015/16 on this investment level to ascertain if this is an efficient use of resources in respect of the Return on Investment impact upon service users and organisational effectiveness.

Chapter 1 also invested in staff learning and development through:

- The Learning & Development Journal – for completion by all staff during their probationary period
- Specialist Coaching for staff on a one to one basis or in small groups
- E-Learning – staff have access to over 150 E-Learning courses through Chapter 1's E-Learning provided by the Charity Learning Consortium
- The Managers Conference – a two day conference was held in May 2014
- Time Out – a three day residential opportunity for staff to take time out from their busy work and home life to relax and try out new skills
- Sabbaticals – enable Chapter 1 employees (with a minimum of 10 years service) personal development opportunities outside the usual confines of the job
- Chapter 1 as an Accredited Centre for Chartered Institute for Housing (CIH) & Apt Awards
- During 2014-15 Chapter 1 has trained up and supported staff to deliver courses in QLX Housing Management and Capita Support systems.

Going forward our approach to staff training and development will be directly related to business performance. It is our intention that training initiatives play a role in addressing areas of performance which require improvement. Our priority areas for improvement include supported housing arrears, void losses, and emergency and urgent repairs.

Financial resources

Chapter 1 understands its role as custodian and manager of charitable and public money, and has a number of policies and procedures in place to ensure that it achieves value for money.

Procurement

For all contract renewals and unplanned operational spends, Chapter 1 undertakes a tender process for expenditure over £20k. In 2014/15 this was only relevant to capital works required during the year.

There were three tenders performed during the year. Based on tenders received back and the options Chapter 1 decided to go with (based on specifications returned and works quality), Chapter 1 made procurement savings of £46k.

ERM tendered Chapter 1's national stationary requirements. 2014/15 was the second of three contracted years with the organisation. The current provision has saved Chapter 1 £27k in 2014/15 in stationery costs.

Chapter 1 also engages the services of Utilitywise, a company that manages electricity and gas contracts for Housing Associations. With this service, Chapter 1 has made savings of £5k in 2014/15, compared to previous supply arrangements. This was over 24 properties, and Chapter 1 will be looking to rolling this out across all units under management.

Chapter 1 is currently reviewing all contracted services to ensure the organisation is receiving VFM, and that sufficient time is allowed for tendering services prior to contract renewal.

Current projects underway include:

- IT Infrastructure
- Telecoms and service provision
- Utilities
- Operating and accounting systems.
- PR & Marketing

These projects seek to identify where VFM can be achieved whilst delivering a fit for purpose product. Chapter 1 will be conducting full reviews on the products in question to ensure it procures a product specific to its unique requirements, rather than the industry as a whole. It has become clear that, in the past, Chapter 1 has sought to operate as if it were a large, generic housing association, when in fact, its business model is far more specialised and niche. All future procurement will ensure the product or service properly matches the identified need of the organisation.

Discounts

It is also clear that Chapter 1 has not been proactive in negotiating discounts from suppliers, in order to support its charitable objectives. A new policy has since been implemented in 2015/16 to amend this.

Tax Efficiency

2015/16 also sees Chapter 1 review its current corporate structure and look at tax efficiencies that can be achieved through smarter restructuring of services. Chapter 1 incorporated a trading company in 2009 but this company has remained dormant. A trading company can take advantage of two main areas:

- VAT recovery rates for commercial activity
- tax efficient distribution of profits into a charity.

Chapter 1 currently does not recover any of its VAT on its purchases. This is highly unusual and the new leadership are currently overseeing a full review of this approach to assess how best to take advantage of existing recovery rules, both in retrospect and in moving forward.

Risk management

Chapter 1 is currently reviewing its Risk Management framework, in the light of the recent failings noted by the HCA. This review incorporates:

- A full review of the Risk Register and plans for mitigation of all business critical risks;
- A complete review of the Delegation of Authority to ensure appropriate approval levels across the organisation;
- A finance restructure reviewing team skills and internal financial controls;

- An assessment of Committees required with appropriate terms of reference and authority levels.

Treasury management

Chapter 1 has a Treasury Management policy in place, which seeks to follow Best Practice within Charities and Housing Associations. Chapter 1, during 2014/15, has highlighted a number of failings within this policy, which has resulted in a full review of its Risk framework and Governance procedures.

As mentioned in Risk Management, Chapter 1 is currently reviewing its Delegation of Authority to ensure approval levels are appropriate in line with the level of perceived risk. September 2015 also saw the implementation of a full review of the Finance function, including looking at the skillset within the team in line with the requirements of Chapter 1. Part of this review included looking at Financial Internal Controls, and a programme is now in place to restructure the department. This project will be complete in October 2015.

Income management

- Current rent arrears figures: as at 31.3.15, Chapter 1 had current tenant arrears of £769k, representing 5.7% of total annual rent roll
- Former Tenant Arrears: at the year end, there was a total balance of £520k relating to former tenants
- Total gross debtors were £1,289k representing 9.6% of total annual rent roll.

Chapter 1 has not been proactive in rent collection in the past. However, clearly, with the changes in legislation and benefits, this area requires a full review across the organisation.

A cross-organisational project, working with all local authorities and other stakeholders, is currently underway looking at the entire Income Management process.

This project aims to improve the efficiency in allocating rents to individual rent accounts, in order that an effective credit control process can be undertaken. This will both improve debtor arrears, but also provides enabling support to residents in order that they can sustain a tenancy in the future. This project will see a net benefit to Chapter 1 of £64k in the first year and £87k in the second year, with savings made thereafter in line with rent assumptions.

Chapter 1's Tenancy Training includes a module on income management. The module includes activities to carry out with clients which are fun but impact on their understanding of how they manage their money. The module has activities that look behind the figures and look at habits and other areas that influence and impact on the client's spending. Overall there has been a reduction in arrears in Care & Support services where we delivering Tenancy Training.

IMPROVEMENT PLANS

Our Intentions for 2015 to 2018 – Forward Strategy

During 2015/16 Chapter 1 has been reviewing our Corporate Strategy, which sets our organisational direction and drives our business effectiveness. This will give us the opportunity to present our updated approach and interpretation of VFM.

We have an understanding of the specific risks associated with supported housing. The current operating environment is particularly challenging in terms of the financial funding regime, local authority commissioning and contracting, changes to national welfare benefits and the typically high turnover of tenants in supported housing. In particular, the 1% rent reduction over the next four years, announced in the July 2015 budget statement by the Government, will impact on Chapter 1's finances and business plan.

In response, we are developing our forward plans to ensure that we can manage the impact of the rent reduction and other risks in the current environment in order to maintain a sustainable business. Our approach to VFM will inform this. We will look for evidence of all our activity so that we can be confident that we are operating from a robust foundation. We will examine critically all our operations and identify gaps in performance and evidence so that we can make effective improvements across the business.

We intend to demonstrate that VFM is a key theme running through each of our strategic priorities which cover our investment decisions in our:

- People
- Residents
- Assets
- Business.

We will review our corporate objectives for each strategic priority area and ensure that we develop our objectives in consultation with our residents and other stakeholders. We intend to ensure that our objectives reflect our priorities. The outcomes we achieve are those that matter most and maximise the impact from the application of our resources.

Board Assurance

Our approach to ensuring business effectiveness and VFM will be transparent, and accountable to the Board who will sign off our strategy. Our approach will include the following factors:

- regular progress reporting to the Board on the achievement of our corporate objectives
- an assessment of the performance of our assets and resources based on the financial, social and environmental return achieved by those assets and resources
- using both qualitative and quantitative reporting
- seeking independent assurance from our internal audit service and our residents through our scrutiny arrangements.

Our management and monitoring of the operational performance of our business includes assessing the inputs and outputs/outcomes for each area of business activity. In addition, we will continue to ensure the efficiency and effectiveness of our operational practices, which we will review in 2015/16.

Framework for Improvement 2015-16

We have identified the following priorities as the framework for our improvement plans during 2015-16.

CULTURE & VALUES Pledge	Target	Measure(s)
We will promote a culture of continuous improvement	<ul style="list-style-type: none"> For staff to have a good understanding of continuous improvement principles and put them into practice (To be achieved by April 2016) 	<ul style="list-style-type: none"> Staff survey Register of continuous improvement projects
We will effectively communicate our VfM activities, aims and activities to all of our stakeholders	<ul style="list-style-type: none"> VfM aims and targets effectively cascaded through staff structure (To be achieved by September 2016) VfM published on the website. (To be achieved by November 2015) VfM aims referenced in other key documents shared with stakeholders (To be achieved by April 2016) 	<ul style="list-style-type: none"> VfM performance Publication on website Other key documents (eg. strategies, business cases etc.)
We will consult with our residents, service users and the wider community in which we work in the development of our new VfM strategy	<ul style="list-style-type: none"> Publish opportunities for clients and other stakeholders to be consulted during the development stage of our next VfM strategy (To be achieved by April 2016) Involve stakeholders from a range of groups (residents, service users and the wider community where appropriate) (To be achieved by April 2016) 	<ul style="list-style-type: none"> The number and type of stakeholders consulted in the development of the VfM strategy Involve our residents in monitoring our performance and effectiveness in this area
We will produce a self-assessment document that clearly sets out our performance so that our stakeholders can easily understand the return on assets measured against our objectives	<ul style="list-style-type: none"> Financial, social, and environmental return on our assets clearly presented using quantifiable data where possible (To be achieved by April 2016) Relate our performance against our objectives and our peers (To be achieved by April 2016) 	<ul style="list-style-type: none"> Quality of 2015/16 VfM self-assessment statement

SERVICE

Pledge	Target	Measure(s)
We will actively pursue opportunities to improve the economy, efficiency and	<ul style="list-style-type: none"> To have opportunities for staff to suggest improvements to VfM 	<ul style="list-style-type: none"> VfM performance indicators

effectiveness of all our activities	(To be achieved by 30 September 2016) <ul style="list-style-type: none"> To record and regularly report VfM projects to Board (To be achieved by 30 September 2016) 	
We will ensure that the wider economic, social and environmental aspects are considered in calculating both costs and benefits to determine VFM	<ul style="list-style-type: none"> To consider the impact on economic, social and environmental aspects of VfM as standard when making business cases (To be achieved by 30 September 2016) 	<ul style="list-style-type: none"> Change to business case template Ensure Board training on VfM is available if needed
We will review our strategic planning process so that we can demonstrate sound business reasons for business expansion in a planned, resourced and well-managed way that minimises our risk and financial exposure and provides for new business that is sustainable as well as ethical	<ul style="list-style-type: none"> To have an improved strategic planning process in place by April 2016 	<ul style="list-style-type: none"> New strategic planning processes
We will work with our key stakeholders, including local authorities and other agencies that we will identify as strategic partners, through a revised strategic approach to business planning	<ul style="list-style-type: none"> To have an improved strategic planning process in place by April 2016 To deal regularly with our stakeholders through a variety of formal and informal means, including local Providers' Forums and Strategic Partnerships 	<ul style="list-style-type: none"> The number and type of stakeholders consulted during business planning activities

QUALITY

Pledge	Target	Measure(s)
We will integrate VFM principles within existing management, planning and review processes	<ul style="list-style-type: none"> Staff have a clear understanding of VfM principles (To be achieved by April 2015) Improved strategic planning process (To be achieved by April 2016) Improved business case template (To be achieved by April -2016) 	<ul style="list-style-type: none"> Staff survey Staff appraisals Reference VfM in key management, planning and review documents

<p>We will adopt recognised good practice and benchmark Chapter 1's activities against our peers in the sector and other organisations</p>	<ul style="list-style-type: none"> • Ensure benchmarking data is used to compare our own performance with peers wherever possible (To be achieved by September 2016) • To target improvement in areas that fall short of peer group performance (To be achieved by September 2016) 	<ul style="list-style-type: none"> • Use of benchmarking data in business planning and VfM self-assessment statement
<p>We will review our performance management framework to ensure that our balanced scorecard helps us identify emerging risks and further efficiency savings</p>	<ul style="list-style-type: none"> • The review of our performance management and scrutiny functions result in measures which are effective at driving and delivering improved value for money (To be achieved by April 2016) 	<ul style="list-style-type: none"> • VfM performance indicators
<p>We will review our risk management framework</p>	<ul style="list-style-type: none"> • To capture all the known and emerging risks of providing supported housing in a changing and challenging external operating environment. We will ensure that we have the right mitigations in place, including exit strategies where appropriate (To be achieved by February 2016) 	<ul style="list-style-type: none"> • A robust risk management framework
<p>We will analyse the costs and outcomes of delivering specific services</p>	<ul style="list-style-type: none"> • Have a detailed register of the costs and outcomes of specific projects and services (To be achieved by April 2016) • A full understanding of which underlying factors influence the cost of specific services and how they do so (To be achieved by April 2016) 	<ul style="list-style-type: none"> • VfM performance indicators
<p>We will develop a robust approach to making decisions on the use of resources to deliver our objectives, including an understanding of the trade-offs and opportunity costs of the decisions.</p>	<ul style="list-style-type: none"> • An embedded process and culture which ensures use of resources are clearly linked to strategic objectives (To be achieved by April 2016) 	<ul style="list-style-type: none"> • Financial, social and environmental return on assets

EFFECTIVENESS

Pledge	Target	Measure(s)
We will invest time and resources in training our staff in VFM and other activities, such as procurement practice, that promote and improve our VFM	<ul style="list-style-type: none"> All our staff to recognise their role in promoting a VFM culture and to strive continually to achieve efficiencies throughout their work (To be achieved by April 2016) 	<ul style="list-style-type: none"> Staff survey Staff appraisals VfM projects register VfM performance indicators
We will develop our understanding of our assets and the return on assets we achieve	<ul style="list-style-type: none"> An up-to-date Asset Register that is fit for purpose (To be achieved by January 2016) A strategy fit for optimising the future returns on assets- including rigorous appraisal of all potential options for improving VFM (To be achieved by January 2016) A full understanding of the potential benefits in alternative delivery models measured against our organisational purpose and objectives (To be achieved by January 2016) 	<ul style="list-style-type: none"> VfM performance indicators Financial, social and environmental return on assets
We will review our procurement processes against best practice	<ul style="list-style-type: none"> Initiate an improvement plan to deliver increased VFM (To be achieved by January 2016) 	<ul style="list-style-type: none"> VfM performance indicators Financial, social and environmental return on assets
We will complete the introduction of the Brixx system (Financial Modeling Software)	<ul style="list-style-type: none"> Ensure that all relevant staff quickly become confident in its use (To be achieved by January 2016) 	<ul style="list-style-type: none"> Efficiency in financial modelling
We will undertake a fundamental review of our Repairs and Maintenance Service	<ul style="list-style-type: none"> Improved performance, income and resident satisfaction (To be achieved by February 2016) 	<ul style="list-style-type: none"> Planned/reactive maintenance ratio Resident satisfaction ratings Financial performance of Repairs and Maintenance Service

We will review our student accommodation holdings	<ul style="list-style-type: none"> • Ensure that this business is viable and sustainable and all risks associated with this specialised portfolio are correctly assessed and mitigated (To be achieved by January 2016) 	<ul style="list-style-type: none"> • Management oversight of student accommodation holdings • Financial performance of student accommodation portfolio
We will ensure that we know the absolute and comparative costs of delivering specific services and that we set out the detail in our monitoring and performance reports to Board	<ul style="list-style-type: none"> • A detailed register of the costs and outcomes of specific projects and services (To be achieved by April 2016) • A structured Board reporting regime on financial performance of services (To be achieved by April 2016) 	<ul style="list-style-type: none"> • VfM performance indicators
We will undertake a review of Social Value and develop an approach to Social Return on Investment that is appropriate to our organisation	<ul style="list-style-type: none"> • To capture the added value we bring to the communities in which we work in an appropriate way and which is quantifiable where possible (To be achieved by January 2016) 	<ul style="list-style-type: none"> • VfM performance indicators • Social return on assets

STATEMENT END

Joseph R. Main, Chief Executive
Tanya Srikandan, Finance Director
Clive Bodley, Chair of Trustees
1st October 2015