VALUE FOR MONEY STATEMENT 2018/19

Tower Hamlets Community Housing

VALUE FOR MONEY

THCH is a social housing provider with a strong community ethos. Originally formed through a large scale voluntary transfer (LSVT) in 2000, we now manage more than 3,000 homes within the London Borough of Tower Hamlets.

At THCH we are committed to delivering and demonstrating Value for Money in all that we do. The Board takes a lead on this, and has the commitment of the Management Team and all staff to achieve it.

The Regulator of Social Housing's (RSH) Regulatory Framework includes a specific standard for Value for Money (VFM). In preparing this VFM Statement, reference has been made to the RSH documents: Regulating the Standards (March 2019), Value for Money Standard (April 2018), and Value for Money Technical Guidance (June 2019).

How has THCH ensured in 2018/19 that it has a robust approach to achieving Value for Money?

VFM is a strategic priority for THCH and in the last 12 months we have ensured that our approach is embedded in every element of THCH's strategic framework.

THCH's Vision of *Building Connected Communities* has a specific theme of *delivering great value services.* This Vision is delivered through THCH's Corporate Objectives and in 2018/19 these were updated to:

- *Providing Great Homes* (which includes a theme of evidencing value for money)
- *Delivering excellent services* (which includes themes of embedding a performance culture, service improvement plans and introducing an optimal approach to service delivery)
- *Valuing our people* (which includes a theme of evidencing value from learning and professional development)

Two of THCH's new Values, approved in 2018/19, are Openness (being transparent, sharing information in a clear and honest way) and Partnership (recognising the importance and added value that comes from working together).

Supporting this strategic framework is THCH's VFM Strategy that was updated in March 2019. This states that we will:

- Have a culture where staff strive for an efficient business that delivers good quality services for customers.
- Create capacity by maximising income and minimising our cost base where possible.
- Use our assets and resources to optimise options for delivering Corporate Objectives. and
- Prioritise resources based on customer insight and consultation.

All of THCH's decisions are made within this strategic VFM framework. This meant, for example, that VFM was embedded in every Corporate Objective Action for 2018/19.

Specific actions within the 2018/19 Corporate Plan have led to rigorous appraisals for improved performance. For example, a proactive review has been undertaken to identify THCH's worst performing assets. This led to joined up decision making that involved expertise across THCH's Committees ensuring a robust plan for action.

Another example from the 2018/19 Corporate Plan relates to the review of Estate Services. The outcome of this review has been a new staffing structure leading to significant improvements in the number of estates meeting the required standard. The standard itself is now a sector standard and robust. Other VFM outcomes have been that temporary staff are no longer used saving in the region of £125k pa which benefits tenants through reduced service charge expenditure. The review also led to two office spaces, previously used by cleaners, being freed up and steps are in hand to lease these, hence generating a new source of income.

During 2018/19 we have taken a step forward in instilling a performance culture and delivering performance improvements. The Board has clear expectations that performance needs to improve and progress has been tracked at each Board meeting and at each "Performance" Management Team meeting. During 2018/19 performance improved compared to 2017/18 in a number of key areas. For example, rent arrears reduced from 3.7% in 2017/18 to 2.8% (against a target of 3.4%). It took an average of 6 days less to let an empty property in 2018/19 compared to 2017/18. Performance in key health and safety activity also remained good with, for example, 100% of gas servicing and 100% of blocks having a Fire Risk Assessment in place. Some key areas of customer service performance also improved, for example with 94% of calls being answered within the SLA timescale, compared to 82% in 2017/18. Similarly, 93% of complaints and 93% of Councillor enquiries were responded to within target in 2018/19 compared to 66% and 86% respectively in 2017/18.

Whilst performance has improved, it still needs to get better. Two examples of key areas where improvement needs to be made are in resident satisfaction with the landlord and void turnaround times. Improvement plans have been developed and we expect to see better performance achieved as a result.

The Executive Team, recognising the need to continue with performance improvements, dedicated the whole of the staff conference in March 2019 to the theme of "providing a high performance culture", where achieving value was core to achieving high performance.

Performance against sector scorecard metrics, stress test KPI's and key income and risk areas are reported at each Board meeting. We continue to benchmark performance for sector scorecard metrics compared to national medians, Placeshapers national median and Placeshapers London median. Analysis of this was collated and specific VFM actions have been identified as a result.

The THCH VFM metrics include measures that are in addition to the sector scorecard metrics. These additional THCH metrics are key VFM priorities for THCH and supplement those in the sector scorecard.

We recognise that the steps we have taken to make VFM (and high performance) part of the culture at THCH, this remains work in progress. We have, however, taken big steps forward and will continue to do so with strategic leadership provided by our Executive and Non-Executive VFM Champions.

How does the THCH Board have regular and appropriate consideration of potential VFM gains and consideration of VFM across the whole business?

The Board has ownership of VFM. For example, the 2018/19 VFM targets were agreed at a Board workshop in March 2018. As well as routine reporting on performance against the VFM metrics, the Board considers performance in delivering a broad range of VFM gains. For example, in January 2019 Board reviewed year to date performance in delivering gains against a range of initiatives, both planned and additional ones identified and delivered by the Management Team. Board again considered the outcome of specific VFM initiatives that had led to £422,000 gains for THCH during 2018/19 in March 2019.

Performance in delivering VFM metrics, including Sector Scorecard metrics, is reported at each Board meeting. By setting targets and receiving routine updates, the Board is able to carefully track gains being made. This has been invaluable in the last 12 months as it has allowed for additional spend to be targeted at initiatives that help keep residents safe, for example additional fire safety works.

There was a need for tight control of expenditure during 2018/19 due to the higher than normal level of investment in health and safety works to THCH's properties. The Board has decided that investment levels will remain high in this area with over £5m being spent on improving the safety of properties in 2019/20. Whilst this will mean that THCH's cost per unit increases above an already high level, the Board and Executive of THCH see resident safety as there top priority and so have decided to continue with this high level of investment. In doing so, however, we have sought good value through the procurement of this additional work and we have also been able to secure £2.4m of grant from the Greater London Authority (GLA) for a recladding project.

The Board of THCH has approved a "merger statement". This states that THCH will consider opportunities for greater partnership working, co-ordination or integration with other registered providers. The statement specifies criteria that will be used to assess which opportunities will be progressed including the importance of the residents' voice. Specific opportunities for partnership working with other registered providers, for example, on IT support service provision and repair delivery have been explored during 2018/19.

An important area for VFM is treasury management and, by negotiating a loan extension period and repaying funds not required in the short term, we reduced interest payable by £276k in 2018/19. Importantly we look at key policies, such as Treasury, at Group level so that we are able to secure the best outcome for the charitable parent, THCH.

Whilst the profit making subsidiary THCH New Homes, had very little activity in 2018/19, it is anticipated that activity will increase in the coming year. As a result, THCH has looked across the whole business to create a Development Strategy that is affordable to the parent and means that new social housing can be built. This has been achieved with appropriate safeguards in place, for example, an Investment Policy has been approved. In approving this Policy the Board is fully aware of the need to generate returns commensurate to risk and will consider this when making any investment decisions. Another key safeguard is that the THCH Board signs off the subsidiary's annual business plan.

How do we ensure that THCH has appropriate targets in place for measuring performance in achieving Value for Money in delivering our Strategic Objectives and that this is monitored and reported?

VFM was embedded in **every** Corporate Objective Action for 2018/19. Board considered draft 2018/19 Corporate Plan actions at their January 2018 meeting and agreed the final actions at their March 2018 meeting. Board received a 6 month update at the 27 September 2018 Board meeting and noted that overall good progress was being made in delivering the actions. Board received the outcome report for the 2018/19 Corporate Action Plan in May 2019 and, as part of this scrutinised the evidence of VFM that had been provided against each action. Board noted that 2 actions in the Plan (IT service provider procurement and new homes being developed) had not been achieved and considered the reasons for this. Board also noted that other achievements that evidenced that THCH had met its Objectives in addition to those in the Corporate Action Plan included a reduction in overhead costs, improved performance across a range of key areas and an increase in staff satisfaction with THCH by 18%. Having done this, Board was satisfied that for 2018/19 THCH had achieved its Corporate Objectives.

The full 2018/19 Corporate Action Plan outcome report is published on THCH's website for stakeholders to review.

The 2019/20 Corporate Action Plan agreed at the March 2019 Board meeting similarly contains a VFM element for **every** action. Board will receive a 6 month update in delivering this Action Plan in September 2019 and an outcome report in May 2020.

As well as embedding VFM in Corporate Action Plan initiatives and targets, THCH considers both past performance and the performance of our peers in setting appropriate VFM metric targets. These metrics are incorporated into THCH's VFM Strategy and this has been published on THCH's website.

As well as the metrics required by our regulator, specific metrics of particular relevance to THCH have been set where the Board wants to see performance improve. These THCH metrics cover increasing income from non-core activities, reducing spend on temporary staff and securing planning consents for new homes.

Performance in delivering VFM metrics is provided on THCH's website (as part of the VFM Strategy) and it is reported as part of each Performance Report to Board. This helps to ensure that VFM performance has the necessary profile and priority within THCH and that stakeholders can easily assess THCH's performance.

VALUE FOR MONEY METRICS – PERFORMANCE AGAINST TARGETS

Tables 1 and 2 below show THCH's performance in delivering its targets for its own VFM metrics (Table 1) and those prescribed by the Regulator of Social Housing (Table 2). .

<table>
<tr><th colspan="8">TABLE 1 - THCH SPECIFIC METRICS</th></tr>
<tr><th>Metric</th><th>Sector Scorecard National Median</th><th>Placeshapers National Median</th><th>Placeshapers London Median</th><th>THCH Performance 2017/18</th><th>THCH Target 2018/19</th><th>THCH Achieve 2018/19</th><th>THCH Target 2019/20</th></tr>
<tr><td rowspan="2">Increase income from non core activities</td><td>n/a</td><td>n/a</td><td>n/a</td><td>£31k</td><td>£100k</td><td>£91k</td><td>£40k</td></tr>
<tr><td colspan="7">Our actual non-core income reduced in 2018/19 (£107k) compared to 2017/18 (£323k) due to a number of one-off events including a £150k VAT refund. Excluding these one off events and factors outside that can be planned for (e.g. payment for lost key fobs, lease extension fees and right to buy receipts) we increased income from non core activities by £91k. This was achieved by securing additional income from commercial lettings, community centres, sheds and garages. We plan to continue to "sweat" these non-social housing assets and are hence seeking a further £40k in 2019/20 on top of previous increases.</td></tr>
<tr><td rowspan="2">Reduce spend on temporary staff</td><td>n/a</td><td>n/a</td><td>n/a</td><td>-£297k</td><td>£200k</td><td>£286k ●</td><td>£400k</td></tr>
<tr><td colspan="7">THCH has seen significant change in the staff team over the past 3 years to address issues that led to a regulatory downgrade and to facilitate continuous improvement. This change is now embedding, however, short term additional staff have been used to bolster specific projects, including in respect of fire safety work. With the exception of short term projects and transitional arrangements, the Board and Executive Team want to ensure that temporary staff costs reduce significantly and a challenging target has been set for 2019/20. This is because temporary staff are more expensive than permanent employees and we feel that we need to do more and more quickly to reduce this.

Temporary staff made up 37% of our staffing costs in 2017/18 and 24% in 2018/19. This was achieved through the employment of permanent staff where a temporary staff member was acting on an interim basis and through restructures of both the Estate Services and Property Services Teams.

The target to reduce our staff costs by another £0.4m for 2019/20 will result in temporary staff making up 13% of our staff costs in 2019/20.</td></tr>
<tr><td rowspan="2">Necessary steps progressed to commence building new homes</td><td>n/a</td><td>n/a</td><td>n/a</td><td>n/a</td><td>n/a</td><td>n/a</td><td>2 planning consents and 1 start on site</td></tr>
<tr><td colspan="7">THCH paused development activity so that the issues that led to the regulatory downgrade could be addressed and to ensure that the right governance oversight was put in place before starting again to build new homes. A Development Committee with skilled members has been established within THCH's governance structure and a new Development Strategy for THCH has been approved by the Board.

We feel that we are well placed to "sweat our assets" so that new social housing can be provided in Tower Hamlets. As well as helping to address the very significant local housing need, growing THCH will allow for management costs and overall cost per unit to be reduced per home as the Executive Team believe that growth by 400 homes can be achieved without the need to add significantly to the staff team resource. The Board has hence set a THCH specific metric for 2019/20.</td></tr>
<tr><td rowspan="2">Investment in communities</td><td>N/A</td><td>£657k</td><td>£814k</td><td>£467k</td><td>£482k</td><td>£407k ●</td><td>£248k</td></tr>
<tr><td colspan="7">Our direct spending reduces in 2019/20 because we have been able to access external funding to support our community groups. We are also able to tap into other initiatives and projects being led by the Council which our residents can benefit from. We have achieved the same level of activity at less direct cost to THCH and we expect this to continue.</td></tr>
<tr><td rowspan="2">Customer satisfaction</td><td>87.5%</td><td>86.0%</td><td>74.9%</td><td>64%</td><td>84%</td><td>66%●</td><td>>84%</td></tr>
<tr><td colspan="7">Our target of 84% for resident satisfaction with landlord services is based on the Housemark benchmark. This was an aspirational target for us last year and again this year. Our performance in 2018/9 saw a 2% increase compared to 2017/18.

We made a number of changes in the second half of last year to improve services to residents. These include new ways of delivering estate cleaning and monitoring estate service contractors, a new self service website enabling residents to view their accounts and repairs on line, a restructure of our Property Services team as well as boosting resources for day-to-day repairs and for the management of health and safety.

As these changes bed in we expect to see improved resident satisfaction. We are also undertaking customer journey mapping and holding focus groups to better understand the customer experience. Outcomes from this will feed into our service improvement plans.

We recognise that performance in this area is not good enough. Recent initiatives completed and those planned (as set out in the service improvement plans) are hence a priority and Board want to see progress achieved in 2019/20.</td></tr>
<tr><td>Occupancy</td><td>99.40%</td><td>99.40%</td><td>99.50%</td><td>99.7%</td><td>>99.5%</td><td>99.3% ●</td><td>>99.5%</td></tr>
</table>

TABLE 1 - THCH SPECIFIC METRICS							
Metric	**Sector Scorecard National Median**	**Placeshapers National Median**	**Placeshapers London Median**	**THCH Performance 2017/18**	**THCH Target 2018/19**	**THCH Achieve 2018/19**	**THCH Target 2019/20**
	A higher occupancy rate results in a more effective use of our assets and improved income stream. A review of our void processes was completed in 2018/19. This is leading to further changes during 2019/20 in how we let our vacant homes. The average time to relet a home in 2018/19 was 33 days. Whilst this was 6 days less than in the previous year, the Board do not consider this performance to be good enough. A target of 25 days has been set for 2019/20. Improved processes are now in place which will help support delivery of the new re-let target and increase the occupancy rate.						
Ratio of responsive repair to planned maintenance	***0.61***	***0.67***	***0.69***	***0.69***	***0.66***	***0.83*** ●	***0.66***
	During 2018/19 routine maintenance was overspent by £204k. This overspend included an extra £69k being spent on communal repairs, although it is worth highlighting that £61k was spent on just 10 communal repairs necessary for health and safety purposes. Day to day repairs also contributed £90k to this overspend and this was because of a higher number of jobs compared to the previous year. Similarly we experienced a higher volume of voids than forecast and these accounted for £23k of the overspend. It was disappointing that there were three empty properties that averaged £25k to repair due to the very poor condition in which they were returned to THCH. These factors combined to mean that our 2018/19 target was not met. Delivery models for the repair service are currently being explored and a new model and delivery method is being procured during 2019/20. Value for money associated with both cost and quality will be key determinants of the future service.						
Rent collected	99.90%	99.81%	100.26%	101.2%	101.4%	101.1% ●	101.6%
	Our rent collected continues to be in the top quartile of our peers and we are aiming to continue this trend. In addition to collecting rent due from our current residents, we continue to take steps to collect from former residents who have left in arrears. We did not achieve the 2018/19 target with the main impact on this coming from the roll out of Universal Credit (UC). UC applications 'went live' in Tower Hamlets in late 2018 for single people, couples and families who would have previously claimed Job Seekers Allowance. At the end of March 2019 average arrears on UC accounts were considerably higher than arrears on non-UC rent accounts (£997 on UC accounts compared to £521 on non UC accounts). We have refreshed our Welfare Benefits Strategy, using the experiences of other RP's, to understand the impact of the benefit changes. We have identified 5 key priorities for the service over the next three years and within these are 17 high level actions. Taken collectively, these priorities will help us deliver an excellent income collection service and effective advice provision. This will help maximise income collection and assist customers in the most effective way.						
Overheads as % of adjusted turnover	12.03%	n/a	n/a	20.2%	18.3%	19.8% ●	17.5%
	Our overheads have reduced both as a percentage of adjusted turnover and in real terms. During the year our overheads reduced by £150k compared to 2017/18. A number of factors have resulted in THCH not meeting its target for 2018/19 including restructures which lead to higher than anticipated redundancy costs and a number of new projects requiring additional resources. We need to do more to reduce our overhead costs and the ambitious, but realisable target, relating to reducing temporary staff costs as well as the completion of a number of projects is expected to reduce our overheads so that the 2019/20 target is achieved.						

TABLE 2 – SECTOR SCORECARD METRICS							
Metric	**Sector Scorecard National Median**	**Placeshapers National Median**	**Placeshapers London Median**	**THCH Performance 2017/18**	**THCH Target 2018/19**	**THCH Achieve 2018/19**	**THCH Target 2019/20**
BUSINESS HEALTH							
Operating margin (overall)	27.89%	29.98%	24.00%	18.3%	19.5%	18.0% ●	16.4%
Two reviews in 2018/19 resulted in transformational costs, including redundancy costs, being incurred. This impacted on the operating margin, however, the business case for both reviews means that improved VFM will now be achieved in both service areas. Some of these benefits will directly benefit tenants, for example, a reduction going forward of £125k a year on the use of temporary Estate Cleaners reducing service charge costs. During 2018/19 THCH invested significant resources in health and safety works, linked for example to fire safety. This will continue into 2019/20 with a budget in excess of £5m in compliance work having been approved. An element of this health and safety spend is revenue and hence this impacts on THCH's operating margin. The safety of THCH's residents is, however, the top priority for THCH's Board and Executive Team. A strategic decision of charging social rents for 98% of our rented properties also impacts on THCH's operating margin. In preparing the							

Development Strategy, the Board identified increasing income as a key priority. This has shaped the mix of homes that have been included in the approved Development Strategy. Actions identified as THCH specific VFM metrics, such as reducing spend on temporary staff and increasing income from non core activities will improve THCH's operating margin in the short term. Decisions taken in preparing and agreeing the 2019-25 Development Strategy will support long term improvements in the operating margin.							
Operating margin (social housing lettings)	30.43%	31.88%	26.54%	17.6%	19.1%	16.0%	16%
Please see operating margin (overall) above for comments.							
EBITDA MRI (as % interest)	213.6%	209.6%	175.0%	111.1%	114%	129%	>120%
The level of interest cover for THCH has been significantly affected by the level of additional short term investment in fire safety works. Excluding fire safety costs would have led to an interest cover outcome level of 174% in 2018/19 and a budgeted level of 144% in 2019/20. Despite this level of additional investment, THCH has met the target set for 2018/19. In 2019/20 the anticipated reduction reflects the planned investment of over £5m in compliance work, primarily linked to fire safety.							
DEVELOPMENT CAPACITY AND SUPPLY DECENT AND SAFE HOMES							
New supply % (social)	1.00%	1.15%	0.60%	0.0%	0.0%	0.0%	0.0%
New supply % (non-social)	0.00%	1.00%	0.00%	0.0%	0.0%	0.0%	0.0%
THCH paused development activity so that the issues that led to the regulatory downgrade could be addressed and to ensure that the right governance oversight was put in place before starting again to build new homes. A Development Committee with skilled members has been established within THCH's governance structure and a new Development Strategy for THCH has been approved by the Board. We feel that we are well placed to "sweat our assets" so that new social housing can be provided in Tower Hamlets. As well as helping to address the very significant local housing need, growing THCH will allow for management costs and overall cost per unit to be reduced as the Executive Team believe that growth by 400 homes can be achieved without the need to add significantly to the staff team resource. The Board has hence set a THCH specific metric for 2019/20.							
Gearing	35.14%	42.73%	37.10%	37.1%	37.3%	35.4%	<32%
During the year we successfully negotiated both an extension of our loan availability term and transferred £10m of drawn standard facility to our revolving credit facility. This enabled us to repay £10m of debt, make significant interest savings and reduce our gearing ratio. We are expecting our gearing to reduce for 2019/20 as we repay our revolving credit facility.							
OUTCOMES DELIVERED (VALUE THE RESIDENTS)							
Reinvestment %	5.8%	6.3%	4.2%	1.1%	1.4%	1.4%	4.4%
In 2018/19 some planned investment was switched from improvement works to health and safety (primarily fire safety) works. In 2019/20, whilst there is increased spend planned on fire safety, improvement works (such as new kitchens and bathrooms) have also been included in the budget. Activity associated with THCH's new Development Strategy will also accelerate in 2019/20. The result of this is that we expect the level of reinvestment to increase significantly in 2019/20 compared to the previous two years and for this to be higher than the Placeshapers London median.							
EFFECTIVE ASSET MANAGEMENT							
Return on capital employed (ROCE)	3.72%	4.10%	3.23%	2.26%	2.39%	2.57%	>2.1%
Our ROCE met the 2018/19 target and we are expecting further improvement as a result of a number of VFM projects as part of the VFM strategy. This is complemented by our Asset Management Strategy which focuses on our homes that have poor sustainability and a programme of greater understanding our stock through stock condition surveys.							
OPERATING EFFICIENCES							
Headline social housing cost per unit	£3,450	£3,235	£4,940	£7,693	£6,800	£6,914	£7,000
Our cost per unit has increased mainly as a result of the additional fire safety expenditure aimed at keeping our residents safe. In 2018/19 £2.2m was spent on fire safety and in 2019/20 this is expected to exceed £5m and leads to the higher anticipated cost per unit. A third of THCH's homes are leasehold. Costs associated with the management of these homes are incorporated in the headline social housing cost, however, the properties are not included in calculating the per unit cost. In the 2017/18 figure now also includes depreciation. A more detailed breakdown of THCH's headline social housing cost per unit is provided in table 5 below.							

TABLE 3 - Value for Money Targets for 2018/19 set outside of THCH Specific Metrics & Sector Scorecard			
Measure	**THCH Target 2018/19**	**THCH Achieve 2018/19**	**THCH Achieve 2018/19**
A decrease of overhead costs (excluding depreciation) to £828 per home	£828 per home	£1,095 per home	
The calculation of the 2018/19 target was based on the inclusion of the properties managed by THCH whereas the calculation is based on just those properties owned (hence excluding leasehold properties) as required by the regulator. Using the same methodology as that used for setting the target, THCH would have achieved a cost per unit of £552.			
A decrease of cost per unit to below £3k per home excluding one-off events	£3,000 per home	£4,837	
The calculation of the 2018/19 target was based on the inclusion of the properties managed by THCH whereas the calculation is based on just those properties owned (hence excluding leasehold properties) as required by the regulator. Using the same methodology as that used for setting the target, THCH would have achieved a cost per unit of £3,225.			
Increase revolving credit facility to enable cash reserves to reduce current debt	£73k	£67k	
The completion of this exercise occurred slightly later than planned resulting in the 2018/19 being slightly below target. It is expected that the overall benefit from the exercise will be £235k based on when the full £10m repaid will be drawn again from our loan facility. A further opportunity to reduce interest payable was identified during the year and, as a result of deferring the draw down period for £14m, a total interest saving for 2018/19 was £276k.			
Review service charges provided to residents to ensure the charge fully reflects the services obtained	neutral	neutral	
The service charge review was completed and reported to the Board in December 2018. In 2018/19 there were no expected financial benefits from the review, however, a detailed action plan was developed and will be delivered during 2019/20. The benefits of the review will be seen during 2019/20 and 2020/21 as a result of these actions being delivered.			
Savings from insurance tender	£50k	£58k	
Our savings from the tender were slightly higher than target. In addition, we decided to increase cover in specific areas, such as Directors Liability, following expert advice. As a result we are paying less than expected with greater cover.			

Performance against the 2018/19 targets relating to reducing temporary staff costs and the resident satisfaction level are contained in Table 1 above.
In addition to the VFM targets and performance set out above a number of additional initiatives put into affect in 2018/19 resulted in cost reductions of £123,400. These are included in Table 4.

TABLE 4 – ADDITIONAL VFM INITIATIVES FOR 2018/19	
VALUE FOR MONEY ACTIVITY	**COST SAVINGS £**
Creating capacity by maximising Income and minimising Cost Base where possible	
Procurement of consultants for input into new business / development projects. Asking consultants for multi service discounts or multi project discounts.	1,800
Procurement for stakeholder information material including fire safety, newsletters and annual report	29,800
Negotiating recruitment fees reduction for filling a number of vacancies	16,500
When negotiating with recruitment job boards we negotiated reduced costs	12,900
IT procurement initiatives	9,300
Out of hours call centre procurement. The annual price was negotiated. The procurement exercise allowed for a new scope to include • Staff conference • Customer Service team meetings • Unplanned business continuity	8,000
Through the increased use of electronic communication such as our website and social media pages, we have reduced the number of issues of the resident newsletter from 6 to 3.	6,300
Procurement of new lift contract to all inclusive contract providing saving of £70K per year against previous contract. £26k of this was saved in 2018/19.	26,000
Using Assets to Maximise Options for Delivering Corporate Objectives	
Use of technology such as using the Housemark app resulting in reduced administration and scanning of papers on a monthly basis. Better quality reports and ability to analyse results; What's App where a group was set up to manage voids and lettings. Instant updates are able to be provided to all colleagues.	1,200
Use of concierge service to deliver letters to residents in blocks they operate in, as part of their normal rounds	1,000
Having a culture where Staff strive for an Efficient Business that Delivers Services Residents want	
Website updates - This activity moved in house in 18/19 with the creation of Executive Support Officers	9,600
Reduced subscription and licence costs by removing the old telephony and door entry system, fully migrating to the new telephony system	1,000
TOTAL	**£123,400**

TABLE 5 – COST PER UNIT ANALYSIS			
Measure	**2017/18 (£)**	**2018/19 (£)**	**2017/18 Placeshapers National Median**
Social Housing Overall Cost	7,693	6,914	3,233
Our overall cost per unit has decreased by 10.1% in the last 12 months. Whilst this is positive, we recognise that our costs are still higher than the sector average. The Board has set the challenge of reducing costs (as indicated in the THCH specific metrics targets above) so that additional fire safety works can continue in 2019/20 whilst also investing in improvements such as new kitchens and bathrooms. A further breakdown and analysis of the cost per unit is provided below.			
- Management	1,189	1,038	933
In 2018/19 our Board set a target to reduce spend by £200k which has been achieved through the reduction of temporary staff and consultants. Board have set the target for 2019/20 to reduce these costs by a further £400k. This will be achieved, for example, through the completion of projects. Lease costs have also now been reported separately			
- Service Charge	1,601	1,486	342
As stated in Table 3 a review of service charges provided to residents was completed and reported to the Board in December 2018. Service charge costs reduced in 2018/19 and a detailed action plan has been produced in response to the review. The benefits of the review will be seen during 2019/20 and 2020/21 as a result of the actions being delivered.			
- Maintenance	2,789	2,567	988
Our maintenance costs have reduced overall. This has been primarily through a planned deferral in the short term of certain major works. Fire safety works have increased in the same period. For 2019/20 and the following 6 years we are expecting both planned and major works to increase. THCH's spend is significantly higher than our benchmark, but this is a conscious decision by the Board and Executive team linked to our top priority of keeping our residents safe. *Maintenance spend is made up of the following four elements:*			
*Routine Maintenance**	*n/a*	*967*	*n/a*
Details of responsive repair spend are provided in the section on ratio of responsive repair to planned maintenance in Table 1 above.			
*Planned Maintenance**	*n/a*	*462*	*n/a*
Our planned maintenance is lower than 2017/18 due to a re-phasing of planned works to mitigate the rent reduction and planned fire safety works. We intend increasing our investment over the next 6 years to both meet the work that was planned for these years and to catch up on previous work deferred. These costs have been incorporated into our approved Business Plan.			
*Major Repairs***	*731*	*250*	*754*
*Capitalised Major Repairs**	*n/a*	*888*	*n/a*
In the previous year the major works figure included both capitalised and revenue expenditure. This year we have reported the costs separately. Overall spend on major repairs has increased by 55.6% in 2018/19 compared to the previous year. This reflects our significant investment in fire safety. This trend is continuing into 2019/20 again reflecting the Board and Executive Team priority of keeping our residents safe.			
- Other (Social Housing Letting) Costs	354	93	178
The figure in 2017/18 is far higher than if it were being reported on a like for like basis with the 2018/19 figure. This is because last year development services, community services, and other social housing activities were not broken down and were instead all contained in this headline figure.			
- Development Services*	n/a	88	n/a
As THCH works towards meeting targets set within our Development Strategy, our development services are expected to increase in future years. Previously these would have been included in the other (social Housing) costs.			
Lease costs	n/a	60	n/a
This relates to the cost of leasing photocopiers. In 2018/19 this was our only operational lease. THCH has no financial leases.			
- Community/Neighbourhood Services*	n/a	196	n/a
As can be seen in Table 1 above, our investment in communities has been similar to that spent in previous years. We are expecting a cost reduction for 2019/20 because we have been able to access external funding to support our community groups. We are also able to tap into other initiatives and projects being led by the Council which our residents can benefit from. We have achieved the same level of activity at less direct cost to THCH and we expect this to continue.			
- Other Social Housing Activities: Other *	1,029	1,386	n/a
This is directly related to the management of the fire safety programme works and property depreciation. A significant proportion of this relates to an ACM recladding project.			

* prior to 2018/19 this was not reported

** prior to 2018/19 the Major Repairs were inclusive of both capitalised and non-capitalised major repairs. In 2018/19 this has been split into the two categories.

As Placeshapers London figures were not available for the breakdown of costs, THCH has used the national figures as a comparison.