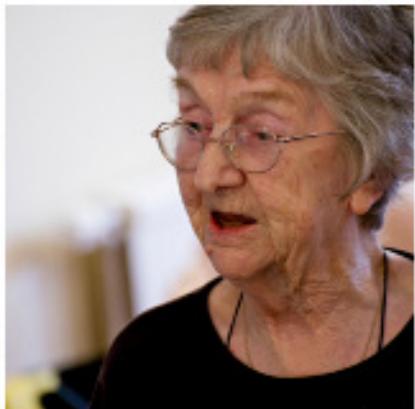


cairn



Draft value for money statement 2014/15

Consultation draft for discussion with customers, partners, staff and Board

Value for money

This statement is intended as a discussion document to help encourage conversations with our staff, Board, customers and partners as we continue to seek to provide and demonstrate value for money.

Subject to feedback we intend to issue our first value for money statement in September 2016, alongside our Annual Return on the Charter.

At the time of producing this draft, some of our figures for 2014/15 are not confirmed. We have used estimates and these will be updated with actual figures once we have them. A revised version will be made available at www.cairnha.com

Background

We are a national housing association serving communities in 24 local authorities across Scotland. We have offices in Edinburgh, Inverness and Bellshill and provide services to 3,500 homes and over 5,000 people.

- Our mission:** To provide quality affordable homes and services, with our communities and partners, throughout Scotland.
- Our vision:** Great homes. Great services. Great people.
- Our values:** Customer First. Accountability. Excellence. Respect. One Team.

Achieving value for money enables us to achieve our vision.

What is value for money for Cairn?

In a nutshell it is about delivering maximum value whilst minimising costs. It is about providing an effective, high quality service whilst making the best use of our limited resources.

Our draft objectives in achieving value for money are:

- affordable rents
- efficient procurement
- improving services
- maximising income
- investing for the future
- reducing our costs as proportion of turnover
- generating surplus to make a wider social impact, including new homes

Affordable rents

We aim to provide rents which are affordable and provide Cairn a platform upon which we can continue to invest in existing homes and build new homes.

Percentage of tenants who feel their rent is good value for money: **85%** | Tenant arrears as a percentage of rent due: **3.6%**

How does this compare with last year?

Last year **81%** of tenants said they felt their rent gave good value for money.

Average weekly rent

Apartment size	Rent	Service charge	Total	Rent (comparative group)*
1 bed	£53.26	£18.81	£72.07	£49.24
2 bed	£61.79	£14.06	£75.85	£67.27
3 bed	£75.44	£2.49	£77.93	£73.10
4 bed	£84.80	£0.79	£85.59	£80.10
5+ bed	£95.51	£0.44	£95.95	£87.65
Average	£71.22	£7.44	£78.76	£74.58
Mean total per ARC peer group				£76.54

*Own benchmark against 4 housing associations. We will look to increase this sample size for 2015/16.

As you can see our rents for 2014/15 remain comparable with our ARC peer group. We are committed to affordability and this year, for the first time, we are giving our customers the opportunity to express a preference on a range of different rent increase proposals as part of our rent increase consultation.

Efficient procurement

We have introduced a new procurement policy to ensure good decision making, transparency and best practice.

We utilise both framework agreements and traditional tendering processes. This affords us the opportunity to achieve savings from bulk procurement as well as benefitting from cost reductions. We saved £100,000 from our planned maintenance projects during 2014/15 through utilising these procurement methods.

We also successfully negotiated a reduction in the cost of our responsive repairs service in south and central Scotland of £125,000. This equates to a reduction in the average cost per repair from £152 to £122.

Improving services

A good repairs service

Percentage of tenants satisfied with repairs and maintenance:

87%

Cost per property of repairs works:

£TBC

Repairs completed at first visit:

90%

How does this compare with last year?

Satisfaction levels with our repairs and maintenance service remains consistent with last year. With our significantly increased spend on planned maintenance in the next two years, we anticipate an increase in satisfaction.

A good housing management service

Percentage of tenants who are satisfied with their neighbourhood:

87%

Cost per property of housing management:

£TBC

We aim to make our communities great places to live and satisfaction with our neighbourhoods has remained consistent with last year. We have also supported community projects through our Community Development Strategy and the Cairn Community Fund. See information on 'social impact' for more information.

Sustaining tenancies

Tenancy sustainment:

87%

How does this compare with last year?

We have improved from 75%. Whilst we have seen significant improvement, currently 13 out of 100 new tenancies were not maintained longer than a year. This will be an area of continued focus for us.

Customer service

We launched our new contact centre in October 2014 with the objective of providing significant improvements in first time call resolution and increased customer satisfaction from the current 86%. We are currently piloting Saturday morning and weekday evening openings to improve customer access. This will be evaluated for value for money during 2015/16.

Invest for the future

Property standard

Percentage of tenants satisfied with the quality of their home:

88%

Average time to re-let empty homes:

43 days

Planned investment spend per property:

£TBC

Compliance with Scottish Quality Housing Standard:

86%*

*excluding agreed exemptions and abeyances

How does this compare with last year?

Last year our average time to re-let empty homes was **100 days**. We have actively sought to reduce this through innovative processes and our goal is to achieve a 14 day turnaround by March 2016, which we are on target to achieve.

During 2014/15 we spent £5 million on property improvements and repairs. This has resulted in an increased number of properties meeting the Scottish Housing Quality Standard. Over the next two years we will spend £17 million on our existing homes through planned improvements and repairs.

Building new homes

During 2014/15 we started construction work on 14 new properties in and around Inverness, helping to meet housing need.

Reducing costs

In order to provide value for money, it is important that we continue to operate from a financially stable base. We need to generate sufficient funds to meet our existing loan commitments and increase investment in existing homes as well as building new homes.

Turnover growth:

7%

Operating margin (gross):

11%

Rent collected from all tenants as a percentage of rent due:

103%

Total overhead costs as a percentage of rent due:

47%

Our objective over the next 10 years is to maintain our financial stability, reducing total overheads to 40% of rental income. This is equivalent to an annual 0.5% reduction in our costs as a percentage of turnover. Our performance on income collection has improved in the last year despite the challenges of welfare reform.

Social impact

Trainees/apprentices

During 2014/15 our first SCVO Community Jobs Scotland trainee began a six month role in our Communications & Engagement Team. We have since appointed an additional three trainees in different departments and an intern who will research the feasibility of a social enterprise.

Cairn Community Fund

During 2014/15 we employed a Community Development Officer and invested over £15,000 in 12 community projects, including an intergenerational photography project, a herb garden, equipment for a kung fu group and an Alzheimer's art group.

Jobs created/sustained (including contractors)

At the end of March we employed 248 people across Scotland. In addition, through the use of our multi-trade contractor for responsive repairs, and framework contractor for major works, we sustained an additional 10 jobs.

Staff turnover in the year:

17%

Sickness/absence average days lost:

4 days

How does this compare with last year?

Staff turnover has reduced from **21%** and average absence days has been halved from **8 days**, which has helped reduce unnecessary costs. We use 'Best Companies' as our preferred way of measuring staff engagement and have achieved 'one to watch' status. Whilst there is still room for improvement, we have come a long way in the last few years. Improving staff engagement will help to achieve continuous service improvement, which will lead to better value for money.

Benefits and money advice

We invested in an in-house Benefits Advisor to provide direct assistance to our tenants. 246 benefit claims were made, with a total financial gain to our customers of £310,338.

Opportunities for customers to have their say

Over the last year, our Customer Panel have scrutinised our complaints handling and the customer experience through the voids process. All recommendations they made on complaints were accepted and implemented and we are currently working on implementing their recommendations on the voids process. We will continue to work closely with the Panel, providing opportunities for direct customer influence on service improvements and our approach to value for money.

HouseMark Value for Money Scorecard

Process			Value and Social Value		
	2014/15	2013/14		2014/15	2013/14
Rent collected as % of rent due	102.8%	99.3%	Satisfaction with the quality of new home	87.6%	87.0%
Service charges collected as % of service charges due	no data	no data	Satisfaction with the service provided	86.0%	84.8%
Average re-let time	43	100	Satisfaction with repairs and maintenance	87.0%	86.7%
Repairs completed at time to suit customer	99.6%	99.6%	Satisfaction with neighbourhood	87.4%	86.8%
Financial			Satisfaction that rent provides value for money	84.5%	80.1%
			Satisfaction that service charges provides value for money	no data	no data
People					
	2014/15	2013/14		2014/15	2013/14
Staff satisfied with organisation as an employer	Best Companies 614 (one to watch)	Best Companies 592	Staff turnover in the year	17.5%	21.0%
Sickness absence average days lost per employee	3.6	8.4			
Gross arrears written off as % of rent due	0.2%	0.3%			

What will we do during 2015/16?

During 2015/16 we will continue to focus on value for money.

Our key performance indicators will be closely monitored and action taken to ensure improvements are made.

We will significantly increase our investment in existing homes through planned and responsive maintenance to £8 million. We will identify procurement efficiencies and/or quality improvements achieved during the delivery of the planned investment programme.

We will continue working hard to achieve our goal of turning over an empty property in 14 days.

We will revise the Business Plan for our subsidiary, Cairn Homes and Services Ltd, which will, over time, contribute to the financial health of the group accounts.

We will reduce our overhead costs by 2% to 45% of rental income, followed by 0.5% reduction per annum.

We will continue our new approach of consulting with customers on a range of potential rent increase options to achieve affordability, a sustainable business and investing for the future.

We will continue with our Community Development Officer and Benefits Adviser.

We will further engage with our customers, staff and other stakeholders in how we demonstrate value for money. This will allow us to develop our Value for Money Statement for 2016/17 and ensure we continue on our improvement journey.

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