THE INDUSTRIAL DWELLINGS SOCIETY (1885) LTD

VALUE FOR MONEY STATEMENT

2015 - 2016

providing **homes**, supporting **communities**

CONTENTS

About Us

WHO WE ARE

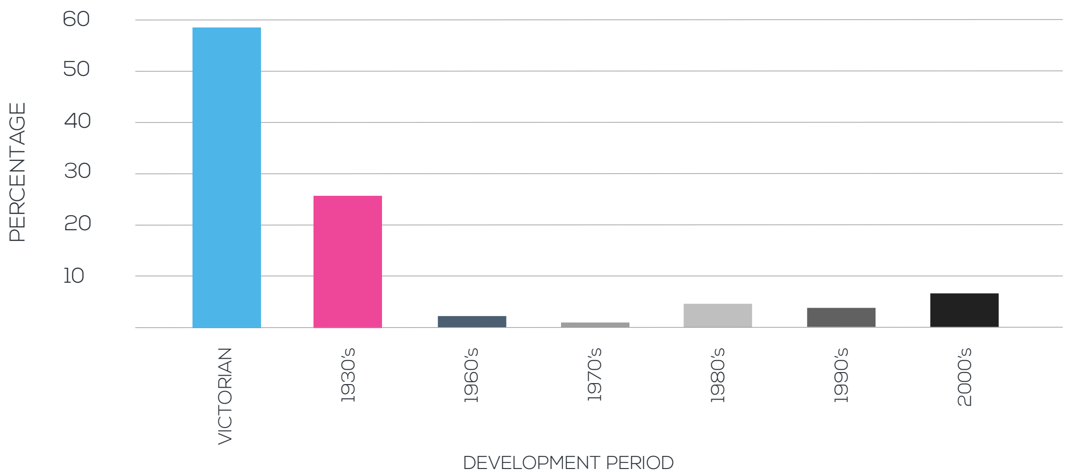
We were formed in 1885 as the Four Per Cent Industrial Dwellings Company by a group of Jewish philanthropists, headed by the first Lord Rothschild. Their aim was to relieve the overcrowding in the East End of London where the large population of new immigrants faced very poor housing conditions.

From our first development built in the Spitalfields area of East London; we have grown to manage nearly 1,500 properties, across seven Local Authorities in London, and registering as a Housing Association with the Homes and Communities Agency.

Today we strive to continue our founding ethos by providing good quality and affordable accommodation for both individuals and families, regardless of ethnic origin, race, creed, age, marital status, sexual orientation or disability. We are committed to an equal opportunities policy.

STOCK PROFILE

We currently own 1,482 properties of these 91% are low-rise flats contained in estates built between 1895 and 1934.



JEWISH NEED

Our long-term objective has always been to provide homes and support to all the communities we touch upon while delivering to the specific needs of the Jewish community.

Today we provide homes for all but continue to support the Jewish community and deliver accommodation which fulfils the particular religious and cultural needs of the Jewish community, from starter homes to elderly care schemes.

We also believe in supporting other Jewish community organisations and working in partnership to provide homes and facilities for charities delivering support for vulnerable persons across London.

JEWISH STOCK PROFILE

20%

JEWISH APPROPRIATE STOCK

JEWISH STOCK BY TYPE

53%	27%	20%
SHELTERED UNITS	CHARITY PARTNERS	GENERAL NEEDS

Our Approach

IDS is committed to deliver homes, support communities and provide places where people want to live now and in the future. We have always aimed to maximise the number of services and homes we can financially deliver each year by securing the lowest sustainable costs we can achieve while ensuring the best outcomes for our customers and organisation.

In 2013 our regulator, the Homes and Communities Agency, introduced a regulatory standard in relation to Value for Money which included the publishing of this report. This is our fourth Value for Money self-assessment and is published to complement our Annual Report and Accounts.

Whilst our finances ultimately demonstrate how we have performed, this self-assessment is intended to document how we work to deliver our commitments and demonstrate our Value for Money performance in the context of delivering our strategy and plans for the future.

DELIVERING VALUE FOR MONEY

IDS recognises its responsibility to achieve Value for Money (VfM) from all its activities, however they may be funded. We define achieving VfM as providing services that are delivered economically, efficiently, of the right quality, meet the needs of our customers and add social value to customers and the wider community.

To achieve value for money throughout the business we aim to maximise our returns on investment by focusing on the relationship between cost, efficiency, effectiveness and achieving social value for our customers.

01 COST

We aim to acquire goods and services at the most competitive rates. When choosing to spend we decide on the basis of a balance of cost and quality, not the cheapest price, taking into account 'whole life' costs.

02 EFFECTIVENESS

Effectiveness means making sure that the result of an activity is helping achieve the outcome we want – "doing the right things". We measure this throughout the business using quantitative and qualitative indicators.

03 EFFICIENCY

To increase productivity we utilise resources (e.g. staff time) to deliver the required result of an activity proficiently – "doing things the best way".

04 SOCIAL VALUE

Our business is to improve our customer's lives and the local communities we work in. Our aim is to contribute to the reduction of social deprivation, poverty and promote social enterprise by maximising the value of our resources. We do this through strategic partnerships with our customers and stakeholders.

To develop and embed a 'Value for Money' culture within the business we have integrated VfM principles into our business planning processes and routine activities with its delivery subject to scrutiny through a formalised framework.

INTERNAL REVIEW SYSTEM

The IDS Board is responsible for the development and delivery of a clear strategy to drive Value for Money improvement within a framework that complements other key strategic business objectives which include those related to Asset Management, Development, Investments and Information Technology.

To ensure there is a solid chain of accountability and scrutiny in our decision making process we have a robust internal review system.

The Value for Money Champions Group's role is to review the business' progression against targets set out in the Value for Money strategy. It provides direct customer influence in the development of future VfM policy and initiatives. To achieve the group's goals it is comprised of IDS Board members, the Senior Management Team, key service delivery staff and representatives from the IDS Tenant's Forum.

- IDS Board
- Risk Management Committee
- Value for Money Champions Group
- Senior Management Team

BUSINESS PROCESSES

To deliver the best financial, social and environmental value we need to monitor and understand the performance of our assets in delivering returns.

We collect information about our frontline service delivery performance and a wide range of other key performance indicators, including business critical measures such as income.

We scrutinise all of this data and use the outcomes to help maximise returns on the business decisions we make on behalf of our customers and organisation.

- VfM Statement
- VfM Strategy – VfM Action Plan
- Procurement Plan
- Asset Performance
- Management Accounts
- Performance Reporting - Benchmarking

BENCHMARKING

We understand that benchmarking can lead to significant gains when striving to improve value for money. We undertake internal benchmarking of key areas such as; responsive repair satisfaction, rent collection, staff sickness and community participation to help drive and monitor service returns and improvement.

As well as internal monitoring we employ services provided by HouseMark to benchmark our performance against other Registered Providers. We use this service to help establish and investigate sector trends, service delivery costs and understand our cost per property in the context of organisations with similar geographical and stock characteristics.

We are part of a 'peer group' which consists of 10 organisations operating in London who each manage between 1,000 and 7,000 properties.

We understand that there are some limitations to benchmarking against such organisations, especially with significant differences in both stock provision and age, however over time external benchmarking helps provide an indication of where our performance is lower than 'peers', offers support for further priority decision making and identifies areas for 'best practice' investigation.

HOUSEMARK PEER GROUP

Christian Action Housing | Croydon Churches Housing Association | Gateway Housing Association | Hexagon Housing Association | Inquilab Housing Association | Newlon Housing Trust | Octavia Housing | Salvation Army Housing Association | Womens Pioneer Housing

How We Are Doing

COMPANY FINANCIAL

FINANCIAL REVIEW

% OF INCOME

- 63 General Needs
- 16 Service Charges
- 7 Sheltered Accommodation
- 6 Grants
- 4 Sales
- 2 Commercial Property
- 2 Other Income

% OF SPEND

- 29 Responsive Maintenance
- 23 Service Charges
- 21 Housing Management
- 18 Depreciation & Amortisation
- 5 Planned Maintenance
- 4 Major Repairs
- 1 Bad Debt

This year a 3.6% increase in turnover coupled with a 15% reduction in operating expenditure helped achieve an operating margin of 31.6%.

The net outcome of this was a surplus of £2.44m on a turnover of £9.72m; a significant increase from the £1.7m surplus in 2014/15.

There were several significant factors that contributed to the reduction in operating expenditure namely major works deferment to 2016/17 and delays to completion of new build schemes. All of the agreed capital expenditure commitments are to be realised in the coming financial year.

Our 2016/17 financial forecast projects a return to pre-2015/16 surplus and operating margin levels. Our programme of new build property development continues as we maintain our rolling planned capital investment across our existing property portfolio.

We explore all opportunities to maximise income from commercial rentals and other non-housing activities. Rental income is limited by the Government policy which for at least the next four years requires net rents to be reduced by 1% per annum. Any increase in rental income is linked to a modest number of new build completions. Our turnover whilst stable is expected to remain at a similar level for the medium term.

LOAN COMMITMENTS & USAGE

We currently have an undrawn loan facility of £5m to fund ongoing development. We deferred the drawdown from this facility saving £60,000. We will consider further extending the facility to minimise interest payments, subject to the requirements of our development programme.

Our existing loans have been fixed for the duration of their respective terms. This significantly reduces risk but consequently the interest payable is higher than current variable rate finance. In view of the current extremely low rates we are considering keeping floating rates for our undrawn loan facilities

OTHER KEY FINANCIAL FACTORS

We have a significant liability to maintain the funding of our final salary pension scheme although this has been closed to new members for several years.

Initial feedback from the triennial actuarial valuation, currently being determined, suggests that this liability is being kept under control despite the difficult economic environment.

Overall our operating margins are strong and, coupled with low-gearing ratios we are confident; as are our key stakeholders, that we are moving forward on robust financial foundations.

FINANCIAL PERFORMANCE 2013/14 - 2015/16

	2013 - 2014 %	2014 - 2015 %	2015 - 2016 %
GROWTH IN TURNOVER	2.6	3	3.6
ADJUSTED NET LEVERAGE	7.9	8	8.2
WEIGHT AVERAGE COST OF CAPITAL	5.6	5.8	5.8
OPERATING MARGIN	25.9	18.1	31.6

OVERHEADS

The HouseMark benchmarking tool provides an overview of overheads expressed as percentage of turnover together with a breakdown into each of the four overhead categories.

Results indicate that IDS is generally performing well and controlling its overhead costs. These results indicate an overall above average performance compared to our peers.

OVERHEADS AS % OF ADJUSTED TURNOVER 2013/14 - 2014/15

	PEER MEDIAN*	PEER AVERAGE*	IDS	2013 - 2014 Quartile	2014 - 2015 Quartile
TOTAL OVERHEADS	14.07	12.20	13.92	2	2
IT & COMMUNICATIONS	2.66	2.80	2.29	1	1
OFFICE PREMISES	2.45	2.10	2.54	3	3
FINANCE	2.35	2.20	2.53	3	4
CENTRAL & OTHER OVERHEADS	6.39	5.20	6.55	3	3

*source: HouseMark Benchmarking Service

OVERHEAD SAVING

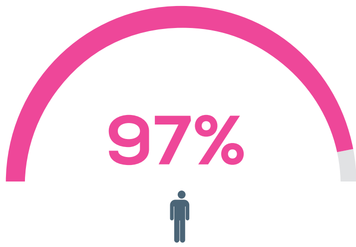
In 2015/16 we took the opportunity to reduce our office premises costs. On the expiry of our office lease we down-sized to smaller offices, helping to save nearly £60,000 each year. Further savings will be realised in 2016/17 as a£ 174,495 of investment in old IT infrastructure and office equipment, which was disposed of at the office relocation, will not be a recurring charge. The figures in the table above are from HouseMark but 2015/16 data is not yet available. For the reasons explained we are confident that 2015/16 results will show a significant improvement.

HOUSING MANAGEMENT

HOUSING MANAGEMENT COSTS

During 2015/16 we have achieved a 6% reduction in the cost of delivering our Housing Management functions. This includes rent arrears and collection, customer participation, anti-social behaviour service, tenancy management and lettings.

This continues the underlying trend of savings being achieved; and has seen us move into the top quartile for this service in the last peer comparison review. The delivery of these services in 2015/16 cost the equivalent of £565.94 per property.



CUSTOMER SATISFACTION

97% of our customers are satisfied with the overall service we provide to them

COST PER PROPERTY OF DELIVERING HOUSING MANAGEMENT BY FUNCTION 2013/14 - 2014/15

	PEER MEDIAN* £	PEER AVERAGE* £	IDS	2013 - 2014 Quartile	2014 - 2015 Quartile
TOTAL HOUSING MANAGEMENT	573.98	639.94	497.58	2	1
RENT ARREARS & COLLECTION	93.84	128.54	71.85	1	1
RESIDENT INVOLVEMENT	51.57	53.57	49.06	3	2
TENANCY MANAGEMENT	99.29	106.34	100.76	4	3
LETTINGS MANAGEMENT	49.41	48.13	47.38	2	2

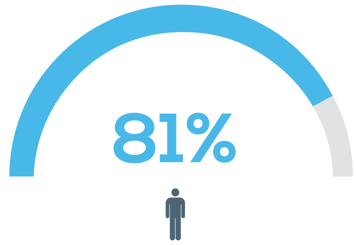
source: HouseMark Benchmarking Service

INCOME MAXIMISATION

IDS rents are some of the lowest when compared with London-based Registered Providers.

Our comparatively small size means that income maximisation is very important to our ongoing viability.

Collecting rent and arrears in a timely manner and the re-letting of empty homes quickly remain 3 of our main housing management priorities.



RENT CHARGE

81% of our customers are satisfied that our RENT Charges represent **GOOD** Value For Money

RENT COLLECTED | **CUSTOMER ARREARS** | **BAD DEBT** | **VOID RENT LOSS**

Financial Year
2014 - 2015 | 2013 - 2014

RENT COLLECTED

The slight fall in the percentage of rent collected, 98.85% compared with 99.79% in 2014/15, is artificially low as over £213k of Housing Benefit due was paid late, not received until after the year-end and therefore excluded from the results.

This year we created a new role to assist in arrears control. The reduction in arrears achieved through the deployment of this increased resource significantly off-set the cost, achieving a 5:1 return on investment.

We have also utilised this new resource to increase debt management and financial advice to customers. A key aim is to maximise take up of welfare benefit to facilitate debt reduction targeted particularly at vulnerable and high debt customers and thereby enable them to maintain their tenancies.

CUSTOMER ARREARS

Our target is to maintain customers' arrears below 3% net of outstanding housing benefit. In each of the previous 5 years arrears stood at between 2.7% - 2.9%.

As a consequence of late receipt of Housing Benefit payments from several London Boroughs gross arrears at the year end for 2015/16 were 4.3%. However, adjustment for late payment reveals true arrears to be at a new low of 1.9%.

During 2015/16 we were able to reduce the management cost of arrears control. We achieved this reduction through several initiatives and cost saving processes for example; by reducing the number of arrears cases that required Court hearings through greater engagement by our Welfare Service.

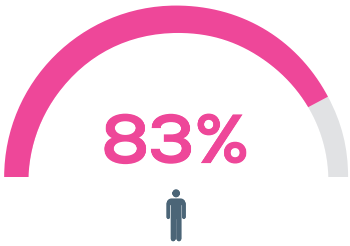
RENT RELATED ACTIVITY COSTS 2013/14 - 2015/16

	2013 - 2014 %	2014 - 2015 %	2015 - 2016 %	2013 - 2014 Quartile	2014 - 2015 Quartile
RENT COLLECTED AS % OF RENT DUE	98.19	99.79	98.85	2	2
CURRENT TENANT ARREARS AS DUE*	5.77	5.52	4.30	4	4
BAD DEBT AS % OF RENT INCOME	0.25	0.23	0.63	1	1
RENT VOID LOSS OF RENT DUE	1.27	1.07	1.02	3	3

*excluding voids

BAD DEBT

Rent arrears written-off increased to 0.48% of rent due. Our previous top quartile may not be maintained for 2015/16 when peer group figures become available for comparison. We were obliged to evict and subsequently write-off unusually high arrears for number of customers with mental health problems who had been causing severe nuisance to neighbours and failing to pay rent. Legal action was protracted due to the need to proceed in a sensitive manner demanded by good practice and legal requirements. We were also exposed to debts incurred from above average non-rent related tenancy terminations (customer deaths and ASB evictions). Whilst this may adversely affect our peer group performance, current projections indicate a return to sub 0.25%levels for 2016/17.



SERVICE CHARGE

83% of our customers are satisfied that our Service Charges rates represent **GOOD** Value For Money

SERVICE CHARGE

We have structured much of our service delivery to be undertaken in-house. However, we remain exposed to fluctuations in market cost for particular services. This is particularly the case for newer, mixed tenure and multiple landlord schemes where we are subject to costs set by external property management companies. As our new-build portfolio increases its contribution to the average service charge becomes more visible.

MANAGING SERVICE CHARGES

We continue to identify opportunities to manage long-term, high cost components.

During 2015/16 new three-year fixed price energy contracts for communal heating and lighting were negotiated to take advantage of the fall in utility prices. A new warden call system installed in our largest sheltered housing scheme enabled us to reduce the service charge substantially reflecting dramatic reductions in maintenance costs. To further control service costs we re-tendered a number of cleaning contracts and through this and new arrangements reduced costs by one third while increasing contract hours.

We also renegotiated with our rent collection contractor mid-contract. Using market intelligence we were able to reduce transaction costs by 23% matching the rates of a national housing sector purchasing consortium (without the cost and administration needed to join that consortium). This is projected to deliver an ongoing annual saving of £4,500.

ASB SERVICE

In our last VfM review we identified that our ASB service delivery was met with a high satisfaction rate yet the service cost ranked in the lower quartile of our peer group. The subsequent investigation identified a number of causal factors and areas for efficiency and service improvement.

We identified that the data reported to HouseMark's Benchmarking service was a key factor to our position in the lower quartile. We have changed our ASB reporting procedure to rectify data discrepancies and believe this normalisation of data will provide a truer comparative basis for future Value for Money assessments.

To improve efficiency in the delivery of service we have introduced a new ASB procedure which aims to reduce case resolution times and cost while ensuring compliance to legal protocol, policy requirements and assisting risk reduction.

Central to the procedure is an ASB incident assessment process which facilitates immediate decision procedures and promotes early intervention measures.

The improved risk assessment component, coupled with a streamlined external agency referral process, has resulted in earlier specialised agency intervention and provision. Measured outcomes identify lower repeat reports of ASB by perpetrators, improved tenancy sustainment levels and reductions in staff time and associated costs.

We have also designed the ASB assessments to collect information to ensure pre-court compliance, included in this is protocol for applications on the new mandatory grounds for possession and a process for defendant appeal hearings. This compliance has reduced case workload, repetition and solicitor costs whilst condensing the time required to instigate legal proceedings.

VOID SERVICES

We understand that to achieve on-going improvement the time it takes to make voids available for letting is crucial.

2015/16 was the 3rd consecutive year we reduced the time taken to re-let our homes. Within our peer group we have operated in the upper-middle quartile and the further reduction of re-let times should continue this trend.

SATISFACTION

With 56% of homes accepted on the first offer, on average our homes are now re-let within 17 days. We believe that we can reduce this further. Coupled with more efficient pre-allocation processes for prospective customers, we aim to improve re-let time again in the coming year.

We have managed to achieve this whilst reducing the letting management cost per vacancy by 5.6% on the 2014/2015 cost. We have also retained 100% home satisfaction from new customers.

VOID SERVICE PERFORMANCE 2013/14 - 2015/16

	2013 - 2014 DAYS	2014 - 2015 DAYS	2015 - 2016 DAYS	2013 - 2014 Quartile	2014 - 2015 Quartile
RE-LET TIME: ALL HOUSING UNITS	22.1	20.8	17	2	2
VOID TURN AROUND	64	48	47	N/A	N/A
	%	%	%	Quartile	Quartile
STOCK VACANT & AVAILABLE *	0.33	0.27	0.4	1	N/A

* at year end

VOID SERVICES IMPROVEMENTS

- We targeted our worst performing Boroughs to identify the common administrative issues causing delays to void turnaround in these locations. We have adapted our processes to minimise delays in receiving nominations from these Boroughs.
- We have also reduced re-let times for schemes with higher than average number of refusals by targeted local promotion and the extension of our partner network of referral agencies.
- A further example is one of our sheltered schemes in Redbridge. The smaller units were not proving popular due to the bedroom size. By reconfiguring the layout, we have increased the size of the bedroom to accommodate a double bed. This measure has substantially reduced the refusal rate and average void period.

VOID RENT LOSS

This year we began rigorously to enforce the four week notice period with late return of properties incurring additional rent charges.

The strengthening of policy has facilitated more accurate data collection and gives us a truer picture of our performance. Whilst it was anticipated that the enforcement of this policy might lead to a significant increase in bad debts, this has not been our experience to date.

The net result of our improved void turnaround times is a reduction of rent loss for void properties. Since 2013/14 we have improved the rent void loss but remain in the lower-middle quartile. This year we have reduced losses to 0.99%, continuing a year-on-year reduction and improved relative performance within our peer group. We aim to continue to maintain a sub 1% loss.

NEW HOME SATISFACTION

100% of our new customers are satisfied that our their new IDS home

REPAIRS & MAINTENANCE

REPAIR SATISFACTION

We aim to achieve a 95% level of satisfaction. We actually achieved 87.14% satisfaction. We have identified improvements to be made in the way we collect data from customers.

The returns for quarter two of 2015/16 were well below the expected level. This skewed the overall figures and offers an explanation for the apparent fall in satisfaction.

The remaining three quarters sit well within the expected rates of satisfaction.

To provide more robust data collection we began preliminary cost/benefit investigations into replacing our current customer survey methods with a 100% telephone based solution. This will enable a more comprehensive understanding of our Responsive Repair service delivery.

REPAIRS & MAINTENANCE SERVICE PERFORMANCE 2013/14 - 2016

	2013 - 2014 %	2014 - 2015 %	2015 - 2016 %	2013 - 2014 Quartile	2014 - 2015 Quartile
REPAIR SERVICE SATISFACTION	72	72	87.14	2	2
GAS SAFETY CERTIFICATE	99.4	99.48	99.87	4	4
HOUSING QUALITY STANDARD	100	100	100	1	1

source: HouseMark Benchmarking Service

RESPONSIVE REPAIRS

In 2015/16 we undertook 3,929 responsive repairs to our stock. The equivalent of 2.74 repairs per property, a total cost of £1,036,176 and an average cost of £263.73 per property.

Our maintenance cost per unit reduced by 2.5% in 2015/16 from £954.60 in the previous year to £930.77. This was the result of a 9.9% reduction in management costs. We maintained overall costs of the previous year against a background of a 2.2% increase in the number of responsive repairs and above inflation rise in contractor costs.

REPAIRS & MAINTENANCE PERFORMANCE 2013/14 - 2016

	2013 - 2014 £	2014 - 2015 £	2015 - 2016 £	2013 - 2014 Quartile	2014 - 2015 Quartile
RESPONSIVE REPAIR	954.34	954.60	930.77	3	4
AVE COST OF RESPONSIVE REPAIR	251.17	260.72	263.73	4	4
MAJOR WORKS	1202.44	1469.14	1207.48	3	3
CYCLICAL MAINTENANCE	189.82	338.45	227.29	1	2

source: HouseMark Benchmarking Service

Works VfM Measure Adjusted – Cost including Service Management Costs and Overheads

MAJOR WORKS & PLANNED MAINTENANCE

During 2015/16 Planned Maintenance and Major Works expenditure combined accounted for 9% of total operating expenditure, a 12% reduction on 2014/15. We spent £1,055,160 on major repair work in 2015/16, the equivalent of £1207.48 per property, a 17.8% reduction on the previous year.

We commissioned an external review of the structure and delivery processes of our Technical Services department to identity efficiency improvements and cost saving measures. This was prioritised following last year's value for Money assessment.

Due to exploration of a possible merger, the review was deferred but is now underway. The brief is to identify good practice so we may better understand the conditions and influences that affect our costs and thereby organise to improve the efficiency, cost of our repairs and maintenance service and increase customer satisfaction .

The recommendations are to be received in Quarter two of 2016/17 with a target to implement effective improvements through to 2019/20.

MAJOR WORKS & PLANNED MAINTENANCE

We are continuing our four year Value for Money Plan with our major projects tendering review, aimed to achieve a 4% total saving.

During the review process we are running a reduced programme ensuring that all critical projects are completed. We chose to defer a small number of customer led major works projects and non-priority cyclical redecoration projects where we were unhappy with the tenders received for either financial or technical reasons.

PLANNED MAINTENANCE COMPLETED: SNAPSHOT 2015/16

	TOTAL	IN-HOUSE %	CONTRACTOR %
KITCHENS	54	-	100
BATHROOMS	60	63	37
BOILERS	75	73	27
RE-WIRE	30	100	-

PLANNED WORKS

With a stock profile dominated by pre-1910 era developments our planned works programme is substantial. During 2015/16 we undertook planned works to 219 properties ensuring that 100% of our properties met the Housing Quality Standard.

PLANNED WORK: IN-HOUSE TEAM

To ensure for value for money and ensure a high quality final product we operate a competitive tendering process for Major Works. As part of this process, where appropriate, we include our In-House Direct Labour Team.

Our In-House Team delivered 56% of our Planned Works programme with savings of £51,650. This is a significant advantage as profit and VAT factors are not charged.

BOILER SERVICING

We aim for 100% of boiler service certificates to be completed within the year. However, some are subject to legal intervention and 99.87% were completed in within the 12 month requirement.

To reduce on-going service costs we utilise our In-House team to undertake boiler and gas servicing across our stock. We average 8 boiler services per day at a cost of £46.50 per boiler (inclusive of travel and materials). With contractor costs ranging between £88.0 and £110, on average we save £48 per service.

CYCLICAL MAINTENANCE

IDS' programmed works costs per property decreased to £227.29 in 2015/16 from £338.45 in the previous year. The reduction in spend on cyclical maintenance contributed significantly to this fall and was the result of deferment of some works until 2016/17. This was in response to a reduction in the number of staff employed to deliver the 2015/16 planned projects in-house.

SAVING HIGHLIGHTS

Use of the In-House Team to undertake electrical re-wires saved, on average, £130 when compared to the next best contractor price.

Over a 9 month programme boiler replacement programme we saved 8% using our In-House Team; we expect to increase the savings return in 2016/17. Our In-House Team costs, on average, £163 less than using a contractor and delivers a higher specification of work, including a full service of the central heating system and an upgrade of all controls and valves.

These improvement works help to maintain our peer group top quartile SAP rating and the replacement of old, less efficient boilers is estimated to save our customers between £60 and £130 per year in fuel costs.

COST SAVING: TENDERING

The aim of our tendering process is to obtain the best value for the specified scope of work. Being a London based organisation we are affected on smaller tendered works as local prices are increasing at above the rate of inflation. We have an established contractor base from which we draw the best available price.

COST SAVING: VOID & DECORATION

In our third VfM review we identified that our void costs were high compared to our peers, over the last two years we have worked to identify cost savings.

In 2015/16 we reduced the average cost of void works to £2,760. The progress made saw our performance improve from the lowest quartile to the lower-middle quartile . With the continued cost reductions and further cost saving measures planned for the next financial year, we aim for further improve our void performance.

At the start of 2015/16 we introduced a new voucher scheme to reduce the redecorating component of void works. The average was £250 in vouchers being issued per property. This has made an average saving of £748 per property.

Furthermore, we have received positive feedback from the introduction of the void decorating initiative with new customers stating a strong preference toward DIY decoration.

ASSETS

ASSET ASSESSMENT

The Board recognises the importance of an in depth understanding of our property assets. A comprehensive exercise was conducted in the previous financial year which encompassed all properties. The results of indicated that all provided a positive return in the medium to long-term.

The key questions we considered were 'are we holding the right assets?' And 'are we obtaining the best financial return on these assets?'
To assess viability we maintain key performance data on stock condition, demand, quality and cost of maintaining them. We use this data in conjunction with notional finance costs, future major repairs investment requirements and staffing costs.

Each scheme on-going viability is modelled using:

- Actual cost for 2013-14
- A medium-term five-year model
- A long-term 30 year model

ASSET ASSESSMENT RESULTS

The results of the above scenario testing indicated that all properties gave a positive return in all scenarios. All schemes should deliver a surplus in the long term;

- With the larger estates there is a relatively small variation between the best and least well performing asset. The surplus per unit ranges from £2,400 to £2,800.
-
- No single estate stands out as performing poorly to a degree that clearly prompts the need for a more detailed appraisal.
- For the smaller schemes, returns are lower and two schemes (Charlotte Court and Clifford Lawton House) are making losses over a 5 year time period. These are both sheltered housing schemes completed in the 1980's. However, taking a 30 year projection all schemes are in surplus.

A further review was also carried out incorporating external professional valuations of 85% of IDS properties on the basis of existing use value for social housing. This review also indicated a positive return of between 5.94% to 6.32% (excluding notional finance cost) and between 3.77% to 6.9% (including notional finance cost).

ASSET GROWTH

During 2015/16 we invested £4.5 million in new properties, of which we completed 4 during the year. We are due to complete and take ownership of 21 new homes through 2016/17.

We are revising the development project for our site in Borehamwood. Whilst this progresses we continue to receive £61,000 rent per annum from the existing mixed-use industrial units currently on the site.

Our legacy stock includes a parade of shops in Stoke Newington. We continue to maximise income from this portfolio, and have commenced renegotiations for lease renewals and rent reviews as appropriate.

SHARED OWNERSHIP

We have a limited portfolio of shared ownership properties. Sale proceeds through staircasing resulted in an income of £450,000. This was an increase in revenue of £417,000 compared with similar transactions in 2014/15.

As part of our programme in 2015/16 we were developing four additional shared ownership properties which will be completed in 2016/17.

7 NEW HOMES
BUSHEY HEATH

14 NEW HOMES
MILL HILL

ACQUISITIONS & MERGERS

During 2015/16 approval was given by the HCA for Otto Schiff Housing Association (OSHA) to be taken into a group structure as a subsidiary of IDS. OSHA will provide a vehicle for future provision for our Jewish client group. The new group structure was put in to place from 1 April 2016.

OUR PEOPLE

OUR TEAM

We have maintained our low staff turnover rate. There was an increase in the number of days lost to sickness due to the unfortunate long-term illness of one member of staff.

We have also seen a reduction in the number of employed staff as a result of staff moving on. We have used this opportunity to effect a reduction in the number of full-time equivalent staff, absorbing the loss by utilising existing organisation capacity.

HIGH-PERFORMANCE WORKFORCE

We are committed to ensuring our people are proficient, motivated and driven to help us deliver the best service we can to our customers. We have worked hard to attract and retain driven people through the fostering of an environment of professional learning and achievement.

During 2015/16 we invested £16,127 in training and developing our people. To ensure we continue to develop the skills of our teams, 14 members of staff were sponsored to undertake an accredited or professional qualification. This represents 28.5% of all our staff.

STAFF RESOURCES 2013/14 - 2015/16

	2013 - 2014	2014 - 2015	2015 - 2016
STAFF TURNOVER (%)	2.8	3.9	5
NUMBER OF FULL TIME EMPLOYEES	54	54	49
SICKNESS LOSS (AVE DAYS LOST)	10.6	4.7	7.1
CHIEF EXECUTIVE PAY/PROPERTY	75.47	77.49	78.45

HCA ANALYSIS

FUTURE VALUE FOR MONEY REPORTING

In June 2016 the Homes and Communities Agency (HCA) published guidance for Housing Associations on the completion of self-assessments and VfM.

The HCA provided a small set of indicators to provide a base for comparative VfM measurement across the sector using a Cost Per Unit (CPU) metric.

With a prescribed baseline, definitions and associated data provision we have begun integrating the new measurements into VfM working.

We are currently working with HouseMark to produce meaningful comparative statistics within this framework and will review our peer group to ensure that the comparisons we are undertaking are relevant and reflective of our organisation.

In advance of the formal requirement, set out below are the results of our performance using the prescribed criteria for the financial years 2013/14 - 2015/16.

On initial reading the figures appear high compared to the HCA published average however, these figures do not take into account a number of variables for example, stock profile or locality.

We note using the revised HCA criteria that our cost per unit has reduced each year for the last three years.

HEADLINE SOCIAL HOUSING COST: HCA UNIT CALCULATION 2013/14 - 2015/16

	2013 - 2014 £	2014 - 2015 £	2015 - 2016 £
MANAGEMENT	1179	1312	1298
SERVICE COST	1324	1512	1434
ROUTINE MAINTENANCE	2077	1784	1827
PLANNED MAINTENANCE	343	499	314
MAJOR REPAIRS (REVENUE)	553	1024	256
CAPITALISED MAJOR REPAIRS COST	1605	598	951
OTHER SOCIAL HOUSING COSTS	188	385	185
TOTAL COST	7269000	7114000	6265000
SOCIAL HOUSING UNITS MANAGED	1433	1433	1435
COST PER UNIT	**5073**	**4964**	**4366**

Community & Social Impact

SOCIAL WELFARE

WELFARE SERVICES

During 2015/16 we provided over 400 households with welfare based services ranging from financial support to repatriation.

In addition to maximising household benefit income as part of our tenancy sustainment policy we actively assist the accessing of appropriate external support for vulnerable customers. This year in addition to standard referral cases via debt management and ASB cases, 20 households received on-going assistance as a result of IDS tenancy and welfare support.

- Our benefit and debt service assisted 110 households to access additional benefit entitlement. In total we helped our customers to access over £20,000 of additional income.
- 13 households received additional income via Discretionary Housing Payments, with five families each receiving in excess of £1000.
- 97 households were assisted with applications for a range of benefit entitlements with one household claiming over £8000 of previously non-accessed entitlement.

COMMUNITY PROVISION

One of our core goals as an organisation is to achieve socially inclusive and sustainable neighbourhoods. Access to learning and providing opportunities for diverse communities to invest in their human capital is important to us.

We believe that by creating local hubs where people can easily access resources and certified educational courses this brings a multitude of benefits to both individuals and the wider community. Our cost per property spend is low within our peer group, but we believe that we the services and resources we procure return a significant added community value and provide tangible benefits to those who participate.

This year we have brought new educational opportunities to our largest estate with the provision of on-site Information Technology Resources and ESOL courses delivered by our community partners.

We have also upgraded our multi-sport facilities allowing for all-weather usage and extended hours of access with the installation of flood lights. These improvements have supported our youth out-reach and educational programme, delivered in partnership with 'Arsenal in the Community', to increase levels of engagement with younger community members.

We actively promote the use of our communal facilities to other local community based organisations and have expanded the number of local groups having access to appropriate facilities for meetings with the RNIB, RNID, Hackney Social Services, Healthy Eating Classes and Domestic Violence Support group all using our community spaces for no charge.

Plans For The Future

VALUE FOR MONEY STRATEGY

VALUE FOR MONEY REVIEW

We are reviewing our Value for Money strategy in conjunction with the revised long-term business plan with the aim of minimising any reduction in development capacity

The Government introduced a requirement for Registered Providers to reduce rents by 1% each year over the next 4 years, starting from 2016-17. This applies regardless of whether an individual rent is above or below the target rent for the property. Since the announcement we have continued investigating how to achieve our efficiency aims whilst maintaining continued growth within a viable and sustainable long term business plan. We are reviewing our 2014 - 2018 Value for Money Strategic Action Plan to take into consideration the projected reduction in surplus of £1.1M at the end of year four.

COMPANY FINANCIAL

Our longer term financial plan includes further efficiency savings targets that will challenge the business to reduce the cost of the back office and control staff costs. These savings will be realised through better use of digital technology, better management of service charges and improving our operating processes to cut out duplication and waste.

IT INFRASTRUCTURE

We are working towards a fully integrated digital system utilising IDS' website, housing management system and smart devices. We have been upgrading our core housing management system to allow for this new service. By the end of 2016, we will have completed the preparatory work for a full digital housing management service and will be ready to launch our digital service offer.

We are driving an increase in our digital customer interactions and are consulting with customers to agree which online services should be a priority. We estimate that over a 3 year period both projects will equate to a 12% reduction in customer interaction costs.

PROCUREMENT REVIEW

We are a full participant in the BME collaboration project specifically within the procurement group. With the assistance of consultants, Altair, the group has identified two areas of common interest where it is anticipated economies of scale will secure savings and better value for money. These are Utilities and Legal Services. The consortium will be examining other areas in the near future.

HOUSING MANAGEMENT

RENT ARREARS & COLLECTION: BAD DEBT

Over the last 3 years we have focused on reducing cost and exposure within rent and arrears collection. Bad Debt is the next component in our savings programme. We have assigned capacity within our Finance Team for the collection of former customer arrears. The target is to achieve a 5% per annum collection return.

ASB SERVICE

In response to the comparatively high ASB service delivery costs and in addition to the core changes made to our service in 2015/16, during 2016/17 we will introduce an ASB module to our housing software.

Developed in partnership with our housing software provider, the bespoke ASB module will enable increased efficiency and reduce service delivery costs by:

- Reducing staff administrative time
- Reducing task reproduction
- Automating scheduling tasks
- Reducing raw data production time
- Increasing data protection
- Streamlining the process for 'hotspot' and 'issue' identification
- Calculating the cost of each administrative action.

REPAIRS & MAINTENANCE

In response to a challenging environment we have taken a strategic decision to review the way in which we deliver our repairs & maintenance service. This was highlighted in our Value for Money strategy but due to merger considerations and the need to recruit a new Chief Executive, the review was deferred.

Consultants have now completed the fieldwork and their report will be considered by the IDS Board as part of a blueprint to be presented by the new Chief Executive later in the year.

HIGH COST SERVICES RE-TENDER

Our aim is to re-tender high value contracts in 2016/17, including, lift servicing, boiler and central heating replacements, and the servicing and testing of our gas boilers and installations. Early indications show estimated savings of between 5-10%.

VOID COST REDUCTION

Our aim is reduce void costs and improve turnaround times. We will re-tender our void servicing contracts during 2016/17. Tender submissions will need to include performance related assurances and penalties, scheduling guarantees and standardised work progression reporting.

COMMUNITY & SOCIAL IMPACT

CUSTOMER ENGAGEMENT

We believe that customer engagement is an essential component of VfM delivery. This year, through our Community Engagement and Participation Strategy, we were able to grow the number of approved IDS Tenant Associations.

Over 500 more customers now have a conduit through which they can help develop and implement our VfM Strategy. Next year we aim to re-start two further Tenant Associations giving an additional 104 households the opportunity to become involved.
We aim to increase the number of customer representatives participating in our Tenant Forum and Committees beyond the current 13 participants.

SOCIAL RETURNS ON INVESTMENT

To better understand the added value of our community activities and the tangible benefit for our customers and the wider community, we have undertaken preliminary project research into the available models of social returns on investment and methods of integration into our core business functions. We understand that the HCA will be providing further guidance in this field to foster more meaningful comparisons with the activities of other organisations.

THE INDUSTRIAL DWELLINGS SOCIETY (1885) LTD

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