

Hexagon Housing Association

2014/15 Value for Money Self - Assessment

1.0 Introduction

Why Value for Money is important

For Hexagon, Value for Money (VFM) is about being effective in how we plan, manage and operate our business, it is important because

- Residents pay their rent and service charges in the expectation that we will make the best use of them to fulfil Hexagon's objectives;
- Our main source of income (social housing rents) is constrained by a formula that links it to inflation +1%. Further constraints, which mean that most of our rents will reduce over the next four years, have been introduced by the Government. We have to ensure that other costs rise by no more than rental income over the long term to secure Hexagon's long term future; and
- Our regulators place great emphasis on VFM

How the Board monitors VFM

Our Board obtains assurance on VFM through a range of means including:

- A triennial VFM Strategy which it approves (current Strategy was approved in May 2014);
- Approving the annual Self Assessment
- Reviewing delivery of the Strategy once a year (see Appendix C);
- A range of quarterly performance data which covers quality issues;;
- Quarterly management accounts and treasury management updates;
- An annual report against the long term financial plan.

2.0 Overall assessment

Value for money is about outputs, outcomes and resident satisfaction as well as costs. Hexagon performs well in overall value for money, with particular strengths being as follows:

- The Board is prepared to make difficult decisions to withdraw from business streams that no longer meet Hexagon's social and financial objectives, past examples being short-life housing and provision of support under supporting people contracts (other than for very specific needs);
- Most services are provided at lower cost than those of 75% our peers (see paragraph 4.2)
- We have a 7- year track record of keeping unit cost increases to less than inflation, in all areas other than major repairs and void repair costs (paragraph 5.1 and Appendix B)
- We have low interest costs compared to most housing associations (paragraph 4.5)
- We have identified the most costly 15% of properties to repair and assess for disposal any of these that become empty using clear criteria, including an assessment of social value (paragraph 3.5 & 3.6)

However ,there are some specific areas where we want to do better, as follows:

- Resident satisfaction with our responsive repairs service is lower than for our London peers, and has been adversely affected in 2014/15 by the failure of our main responsive repairs contractor. We will be involving residents in choosing new contractors as part of a current tender process, will include satisfaction measures in the contract, and aim to collect immediate feedback on each repair via PDAs (personal digital assistant devices). The intention is to identify service failures and resolve them promptly;
- Resident satisfaction with our estate cleaning and gardening service is lower than that of our London peers. We have undertaken a comprehensive review of the service and have appointed a contracts officer to help housing officers monitor the quality of the service provided by our contractors.
- We still taking too long to relet empty properties, especially in supported housing. We have a supported housing voids action plan in place and are prepared to remodel schemes for different client groups as demands change.
- We have a lean staffing structure in central services, which means that service managers are required to manage business improvement projects in their areas as well as run to the day to day service. We have set up a business improvement team to increase the business analysis and project management capabilities of the organisation.

3.0 Our return on assets

3.1 Hexagon's mission is to meet housing, care and support needs in South London and assist with economic and social regeneration. Our predominant area of operation is South East London. Our objectives for the three years to March 2017 are set out in our Corporate Plan.

Financial return on assets

3.2 The table below looks at the cost of Hexagon's property assets, net of grant and depreciation and the surplus as reported in the 14/15 accounts to derive a financial return on each type of property, before interest. This compares to a projected long term interest rate of 4.2% for the loan portfolio at September 2015. The cost net of grant represents Hexagon's investment in our properties, which is funded by our loans and reserves. The grant is the total of all capital grants provided over the years to allow Hexagon to let the properties at a subsidised rent, thus representing investment by taxpayers.

Type of property asset	Cost net of grant £'000	Grant £'000	14/15 Surplus before interest £'000	Financial return %
General needs	160,137	192,105	8,565	5.3%
Shared ownership	15,454	11,084	932	6.0%
Directly managed supported housing	5,166	11,041	57	1.1%
Co-op managed general needs	7,980	17,915	662	8.3%
Agency managed supported housing	1,008	4,920	50	5.0%
Nursing homes (where owned)	63	790	10	15.8%
Commercial properties	396	0	59	14.8%
All asset classes	190,204	237,855	10,335	5.4%

3.3 The % financial return is greater on the older stock, such those managed by co-ops, as this was funded by high levels of grant. Supported housing shows lower rates of return because of the greater intensity of housing management and the higher risk of voids, but

there is also a higher social return. The nursing home that is owned benefited from a re-arrangement of shift patterns in 12/13, but the return is likely to drop as income is not rising with inflation.

Social return on assets

3.4 The table below summarises the social return on our assets:

Type of property asset	Cost net of grant £'000	Grant £'000	Social return
General needs	160,137	192,105	2875 households in properties at or under target rents 254 households in properties at affordable rents (65-80% of market rent) 131 households on local authority waiting lists housed in 14/15 27 existing tenant households moved to more appropriate accommodation
Shared ownership	15,454	11,084	218 households in homes that they have part-purchased. 14 households in homes at intermediate rent that they are saving for a deposit to buy. 7 households have been able to buy the remaining share of their home in 14/15.
Directly managed supported housing	5,166	11,041	189 households in properties at target rents 20 households in properties at affordable rents (65-80% of market rent) 37 people housed from inappropriate accommodation (such as hostels, hospitals and very short-stay accommodation) during 14/15 28 people provided with accommodation to enable independent living during 14/15. We have reopened a hostel, which was no longer suitable for its previous use, as a scheme for 16 and 17 year old care leavers. These are young people who can no longer stay in their previous accommodation but are not ready to live alone. They get 14 hours support a week from another organisation in areas ranging from budgeting and cooking to homework and personal safety
Co-op	7,980	17,915	294 households in properties at or under target rents being managed by tenant co-

managed general needs			operatives.
Agency managed supported housing	1,008	4,920	121 households in properties at target rents or funded by commissioning authorities Of these 68 are in schemes that allow support for alcohol & related dependencies, 17 in schemes for ex-offenders, 27 in schemes that support people with long-term mental health problems, and 10 in a refuge for women who are in danger of domestic violence.
Nursing homes (where owned)	63	790	10 residents helped with mental & physical health problems, freeing up spaces in acute mental wards. Residents re-established in their own community. Secondary impact of reducing crime and antisocial behaviour in some cases. Provision of training places for around 10 NHS student nurses each year, and of 3 volunteering opportunities. The presence of this community based project with its links across local groups, shops, and other facilities, is contributing to reducing the stigma associated with mental ill-health.
Commercial properties	396	0	Let to a restaurant, a nursery, a dentist and a drug/alcohol recovery charity.

Disposal of properties that are uneconomic to repair

3.5 At the centre of Hexagon's approach to ensuring that we make an appropriate return on our assets is a review which has identified the homes that are the most expensive maintain both in terms of responsive costs and longer-term component replacement. This has highlighted about 15% of our homes and when empty these units receive an options appraisal to determine whether to either retain or sell and reinvest the receipts in new homes.

The options appraisal effectively asks a number of questions:

- How much the home is worth now?
- How much will the work (including energy efficiency improvements) cost?
- How much the property will be worth after the work?
- Would replacement, as part of our Development programme be a better option? This includes looking at the Net Present Value of both options.

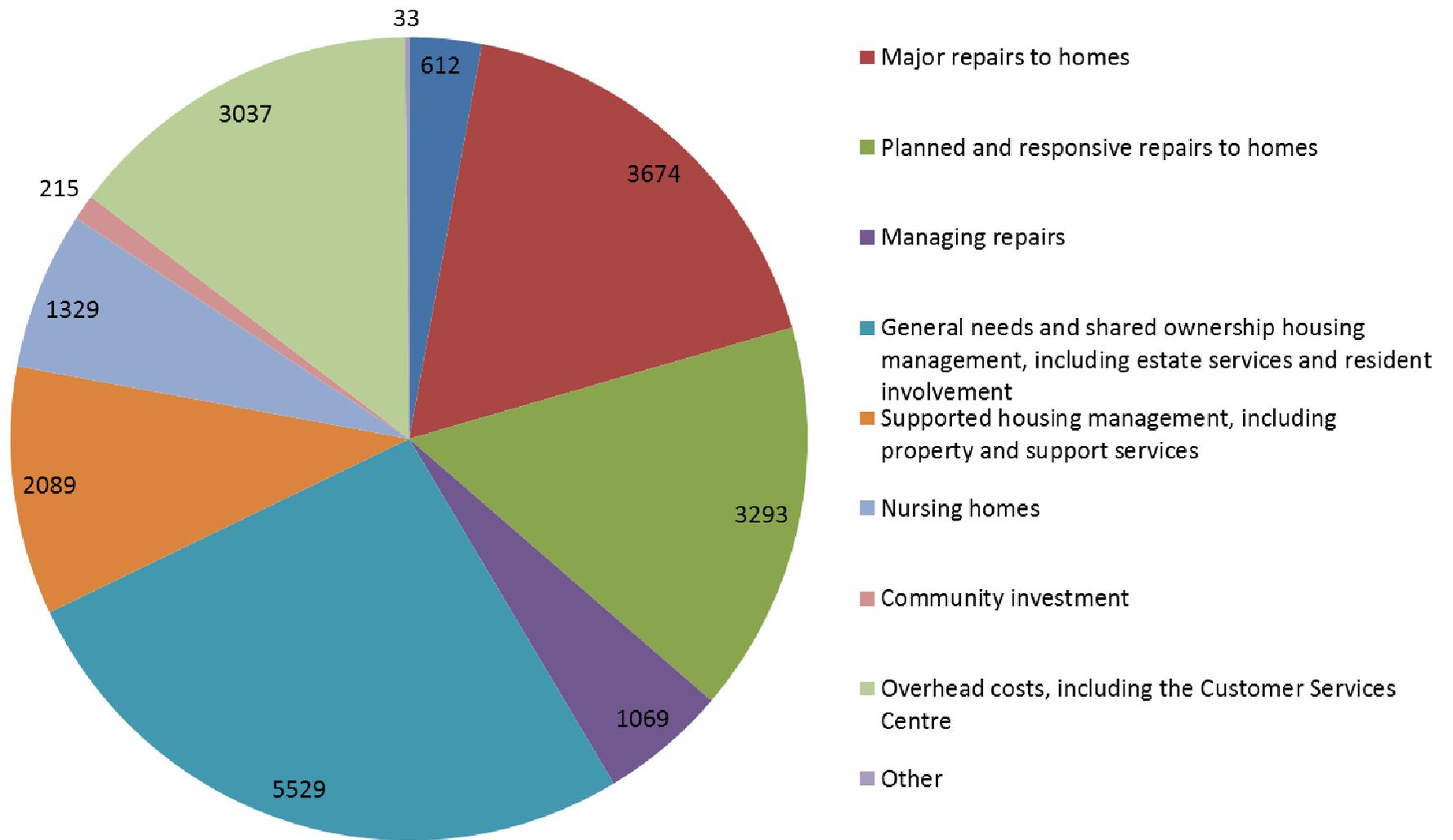
3.6 In the three and a half years to March 2015, 57 homes have been reviewed as part of this process – with 22 having been approved for sale with the remaining 35 (61%) being brought up to current standards then re-let. We refined the approach during 2014/15 by considering social impact, including elements of the ‘letability’ of the home. As a result 9 empty properties were retained, as their social value considerations outweighed financial ones. A further review has been commissioned in 15/16 to identify whether we can improve the assessment process.

4.0 Absolute and comparative costs of delivering specific services

What our services cost in 14/15

4.1 The table in Appendix A shows the 14/15 cost of delivering services. Expenditure on building new homes accounted for 47% of expenditure during the year. The pie below chart shows the same data, but excluding development costs.

What our services cost in £'000



What our services cost compared to other London housing associations

4.2 The table below shows the comparative costs of Hexagon's services, using the data from Housemark. The services are as defined by Housemark, so will allocate costs differently to Hexagon's allocation. The data is from Hexagon's 13/14 results, compared to other London housing associations (29 organisations).

Service	Hexagon cost per unit	Top quartile cost per unit	Difference in cost to top quartile (saving because Hexagon costs less) £'000	Potential saving if Hexagon achieved top quartile cost £'000
General needs housing management	£237.51	£284.41	£143	
Planned maintenance	£1028.54	£946.49		£250
Responsive repairs and void works	£727.88	£695.73		£98
Estate services	£107.80	£169.30	£187*	
Shared ownership housing management	£283.13	£201.83		£15
	Hexagon cost per user or employee	Top quartile cost per user or employee		
Finance cost per employee	£2843	£3078	£31	
IT cost per user	£4114	£4934	£107	
Premises cost per office employee	£6278	£5454		£71
HR/central overheads	£6206	£6935	£97	
Total			£565	£434

* This figure is purely notional, as Hexagon has fewer estate properties than many other associations.

4.3 This indicates that Hexagon saved around £565k in 13/14 by providing most services more cheaply than 75% of other London housing associations, but might be able to save a further £434k if the maintenance, shared ownership and premises costs were as economic as the best performers in these areas.

4.4 Because of the variety of services provided, Housemark does not report on the costs per unit of supported housing and of developing new homes, but does provide a small suite of indicators on each. In developing new homes, we have more development staff than average for each 100 new homes built. However, this reflects our strategy of building on smaller infill sites, rather than relying on large schemes and S106 schemes. In 13/14 we also did less well than our peers on resident satisfaction with new homes, which is why our VFM strategy aims to increase this from 82.5% in 13/14 to 92% by March 2017. The 92% target was achieved in 14/15. In 15/16 we will be benchmarking our development performance in more detail using a more specialised benchmarking club

4.5 Hexagon borrows from banks and other financial institutions to fund the building of new homes and the improvement of existing homes. At March 2015, total borrowings were £144m, mainly on loans which need to be paid back gradually over the next 30 years. Interest charges on these loans form around 20% of Hexagon’s costs, so it is important that we manage these rates carefully. The Board aims to strike a balance between taking advantage of the best interest rates on offer without exposing the Association to large increases in costs when the official bank rate starts to rise. Benchmarking data from HouseMark showed that Hexagon's borrowing costs were in the best 25% of housing associations in both London and nationally.

How our services compared on quality with other London housing associations

4.6 Value for money is about outputs and outcomes as well as costs. Summary data from HouseMark (see chart below) shows that Hexagon achieves high performance as well as low costs for rent collection and estate services.

Measures on which Hexagon performs better than average are as follows:

Chart reference	Performance measure	Hexagon	London median (same peer group as for costs)
2	Current tenant arrears	4.13%	4.55%
3*	Resolution rate for anti-social behaviour	94%	89%
6	Tenancy turnover	2.6%	4.5%
1	Void loss as % of rent due	0.72%	0.91%
8	Satisfaction with the neighbourhood	82.7%	80.3%

*Not displayed on chart

Value for Money



- 1. Responsive repairs and void works + ⇄
- 2. Rent arrears and collection + ⇄
- 3. Anti-social behaviour + ⇄
- 4. Major works and cyclical maintenance + ⇄
- 5. Lettings + ⇄
- 6. Tenancy management + ⇄
- 7. Resident involvement + ⇄
- 8. Estate services + ⇄

Benchmarking

4.7 Areas where Hexagon performs worse than the median (mid-point) for the HouseMark 2013/14 data¹ are as follows:

Chart reference	Performance measure	Hexagon	London <7500 unit HA median	Commentary
1	Resident satisfaction with repairs service	64.1%	72.4%	Our performance on this declined in 2013/14 as we struggled with our main contractor deciding not to continue with responsive repairs work and winding down its operation. Our VFM strategy aims to increase the resident satisfaction rate to 77.5% by March 2017. We will be re-tendering our responsive repairs service at the end of 2015 to start in early 2016/17, We expect that this will lead to higher levels of resident satisfaction.
1	Average completion time	10.2	8.75	While we are worse than the median our performance improved a little on this in 2013/14. Our target is to improve performance to 8 days by March 2017. Again, we expect to see an improvement on this following the re-tendering of the responsive repair service.
2	Rent collected (excluding current arrears brought forward) as a % of rent due.	99.4%	99.6%	A slight decline on this after being on the cusp of top quartile in 2012/13. We are introducing new software to improve the efficiency of the rent arrears process in the autumn of 2015.

¹ We generally use all London housing associations and data for the most recent year as our benchmark within HouseMark, however, this option is not possible on the 'public' dashboard which is for housing associations of up to 7500 homes and also includes data for 2012/13 where the organisation has not submitted data in 2013/14.

Chart reference	Performance measure	Hexagon	London <7500 unit HA median	Commentary
2	Arrears written off as a % of rent due.	0.48%	0.36%	A slight increase in 2013/14 made Hexagon worse than the median, most years Hexagon is better.
4	Failing Decent Homes Standard	0.03%	0.0%	The 2013/14 figure was an improvement on 2012/13 and only one home 'failed.' There is a target to have no homes failing which was met for 2014/15.
1	Average re-let time (days)	39	25.4	This was an improvement on 2012/13 and maintained in 2014/15 but is still some considerable distance off the London median. We are reviewing the voids process to identify where improvements can be made.
2	% of general needs tenants evicted for rent arrears	0.40%	0.35%	This was a marginal increase for Hexagon in 2013/14 – with two more residents being evicted. Performance in 2014/15 was 0.32%.
6	Satisfaction with Landlord	76.5%	84.0%	Overall satisfaction ratings are very much driven by satisfaction with the repairs service which, as noted above we struggled with in 2013/14. Hexagon ratings have declined at a time when the rest of the benchmarking cohort has improved. As noted above, we are re-tendering our responsive repairs service and we expect to see an improvement on this indicator as a result.
7*	Percentage of tenants on whom the organisation has diversity information.	61.4%	74.1%	Hexagon scores relatively badly on this as we have not collected information on religion or sexual orientation. We are still working to collect this.
7*	Percentage of tenants very or fairly satisfied that their views are being taken into account.	60.7%	60.9%	A slight fall in 2013/14, has pushed Hexagon below the median – our 2012/13 (61.2%) and 2014/15 (62.2%) would put Hexagon above it.

*Not displayed on chart

5.0 Value for money gains that have been made

Value for money gains that have been made in the medium term

5.1 Since 2006/7, Hexagon has made significant cost savings in most areas. Appendix B presents a series of graphs which compares rent inflation at RPI +0.5% (the red line in each graph) to Hexagon's cost per unit (the other line in each graph). With the exception of stock investment and works to void units (although there have been improvements over the last few years on this), Hexagon's costs have risen more slowly than rent inflation, and in some areas have dropped in real terms. The baseline for stock investment was low in 2006/7, so it is appropriate that we are spending more in this area. The 2014/17 VFM strategy includes targets for addressing the cost of void works.

5.2 The graphs indicate a recent rising trend in costs per unit for responsive repairs costs, the management of responsive repairs and customer services. We had to allocate more staff to customer services in 14/15 to deal with resident queries arising from the failure of our main responsive repairs contractor half way through the year. Interim repairs arrangements put in place have led to far fewer queries, but costs per repair are still rising. Responsive and void repairs are being re-tendered during 2015/16, to be in place for 16/17.

Value for money gains that have been made as a result of the 14/17 VFM strategy

5.3 At the Board meeting in May 2014, the Board agreed a 3-year value for money strategy for the Association. The strategy focussed on six main areas (see section 6 below). Measurable targets covering both quality (Q) and costs/efficiency (C) were included in the strategy, which also includes actions to achieve the targets and to embed value for money throughout the organisation.

5.4 Of the 45 targets, 19 have been met, with 10 not being met, most of the remainder relate to 2014/15 HouseMark data which, at the time of writing, is going through the HouseMark validation process. . Appendix C sets out the detail.

5.5 A summary of the value for money actions undertaken during 2014/15 as part of the VFM Strategy is set out in Appendix D, together with some further initiatives completed during the year. The most significant are:

- Work with Lewisham anti-fraud team has recovered three properties which were inappropriately occupied– we estimate that this has saved in the region of £12,000 of legal costs in 2014/15 – something we expect to repeat in future years;
- Selling a large supported housing scheme which was no longer fit for purpose and we were having difficulty letting;

- Installing photovoltaic cells on roofs of several schemes and the ‘feed in’ tariff income has led to considerable savings for residents in terms of reduced service charges – the total income for three schemes is around £18K a year;
- Reducing the number of printers in the Association, increasing the performance of new ones whilst saving around £1800 a year;
- We reduced our staff sickness rate from 4% to 2.2% during the year (partly as a result of changing our procedures). The increase in availability of staff was worth £84,000.

6.0 Value for money gains to be made

6.1 The Board has agreed a 2014/17 VFM Strategy, which focuses on areas where benchmarking indicates that we could do better on either cost or quality, and where is significant expenditure. Broadly, these areas are as follows:

- Development and New Business;
- Treasury Management;
- Major and Cyclical Repairs;
- Responsive, gas safety checks & void repairs
- Supported Housing - Void management and making the best use of our properties
- Estate Services.

6.2 The Strategy, which is available on our website includes a set of 45 targets, 24 of which relate to costs and 21 to quality. A full list of the targets, which range from the cost of building new homes to resident satisfaction with our repair service, is set out in Appendix B.

6.4 The Strategy also sets out the actions we will take to meet the targets over the three years to March 17. Appendix E summarises the value for money initiatives to be undertaken during the year to March 16. In addition, Hexagon staff will be developing and reporting on initiatives across the organisation as a routine part of our culture of continuous improvement.

Phil Newsam & Paul Browning
September 2015

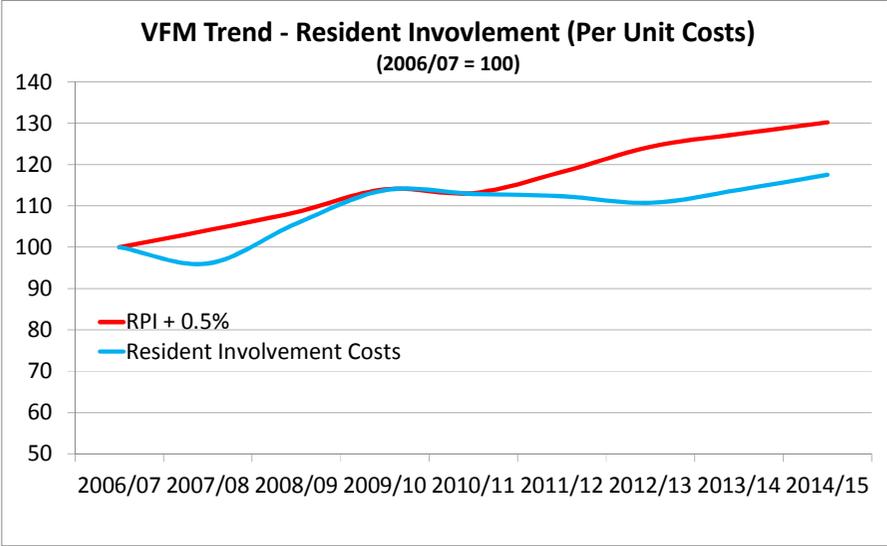
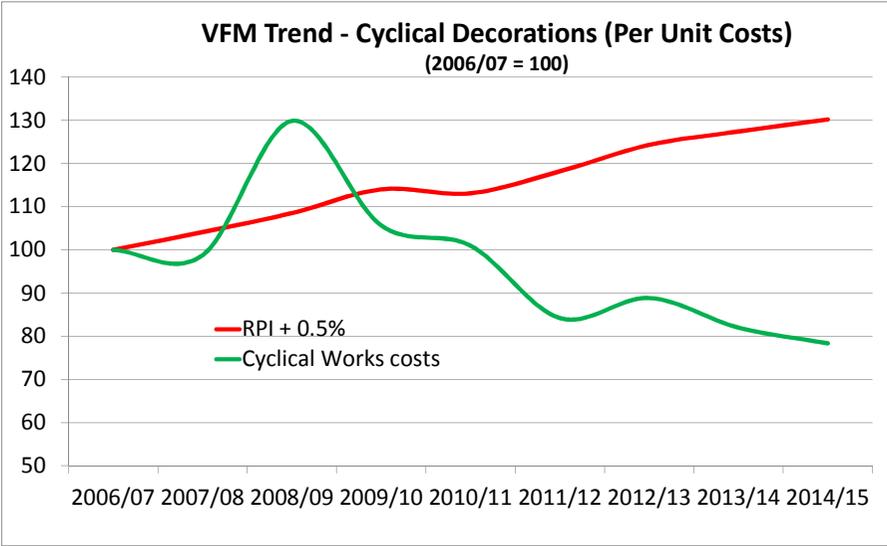
Costs of providing each service in the year to March 15

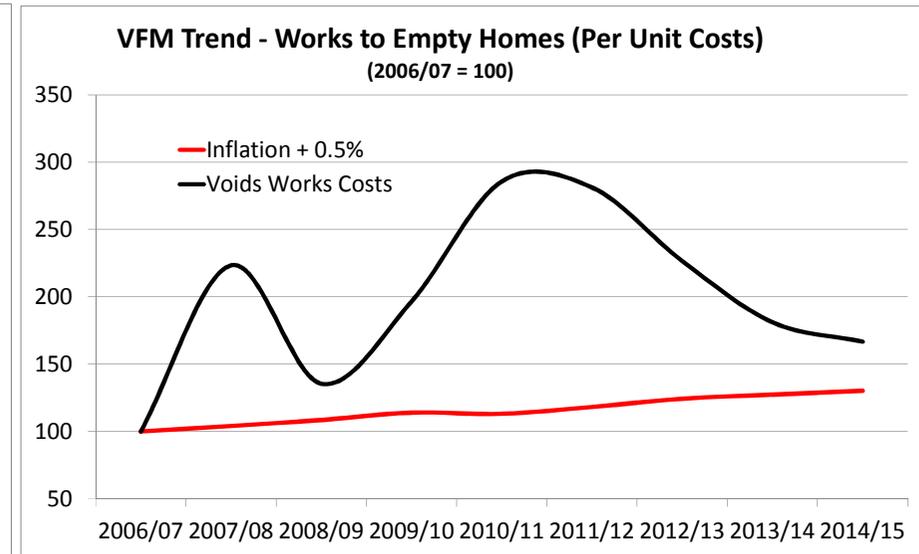
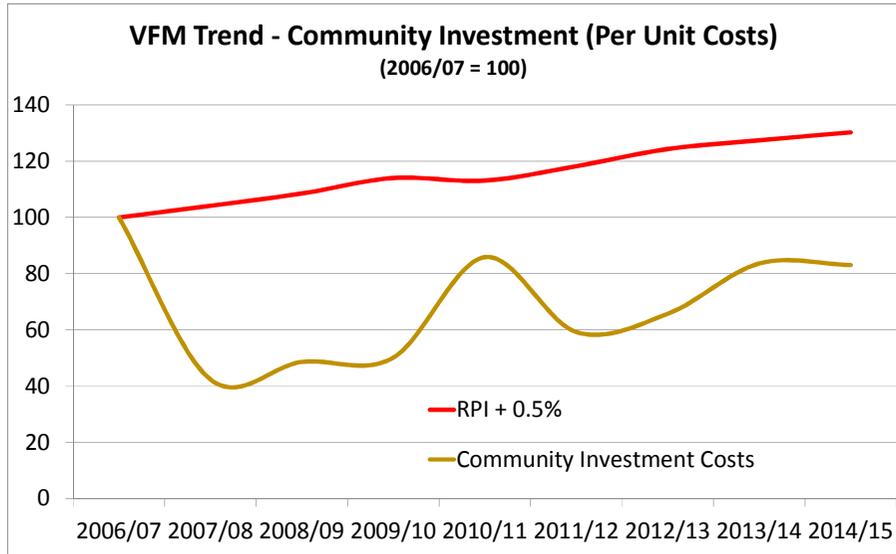
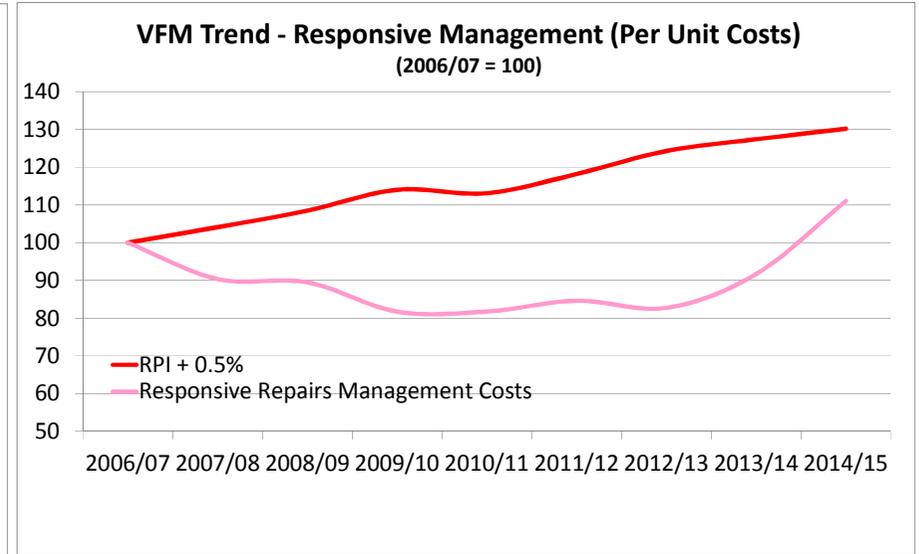
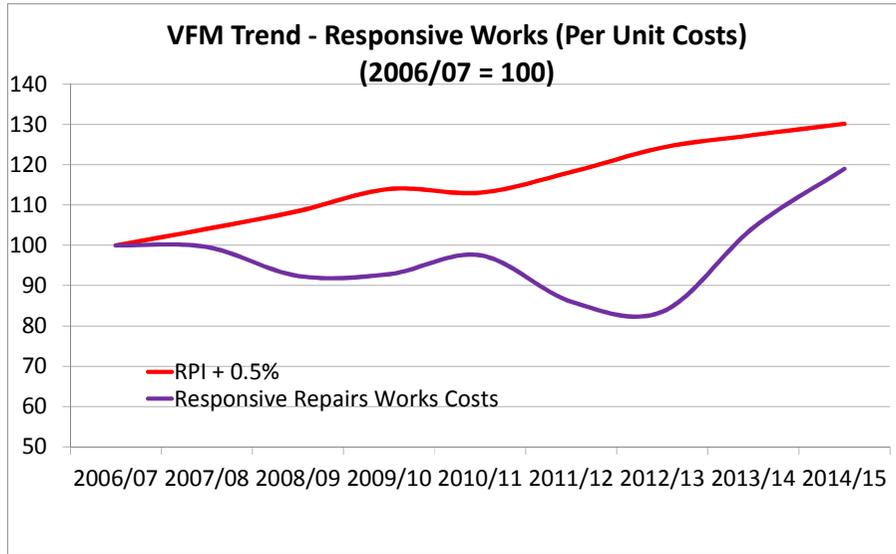
Appendix A

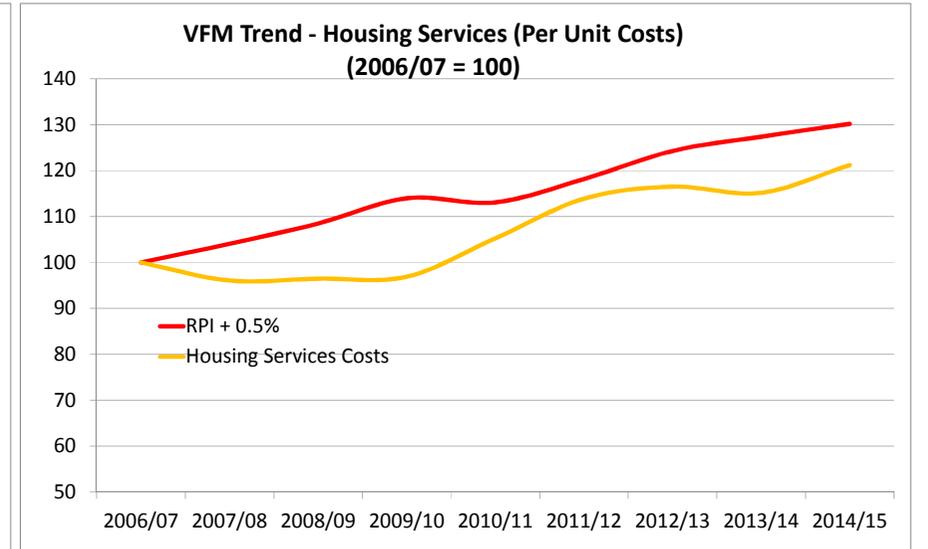
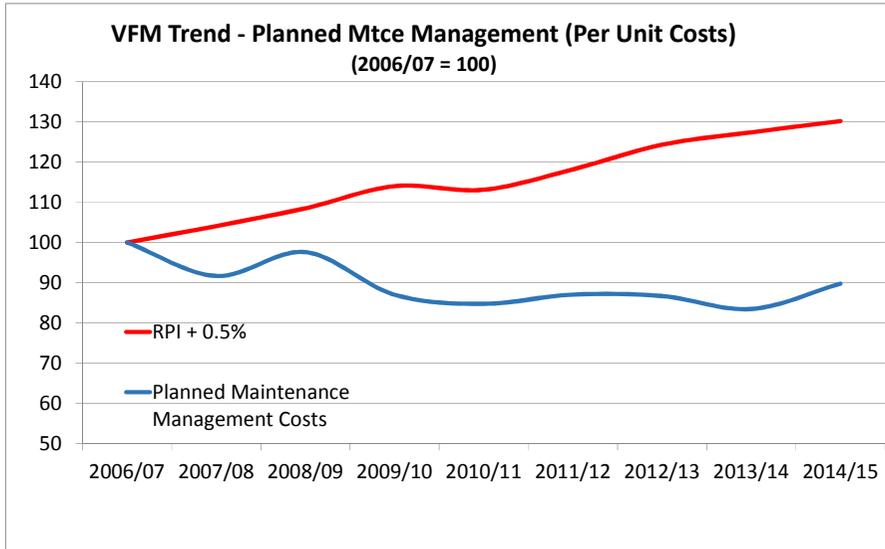
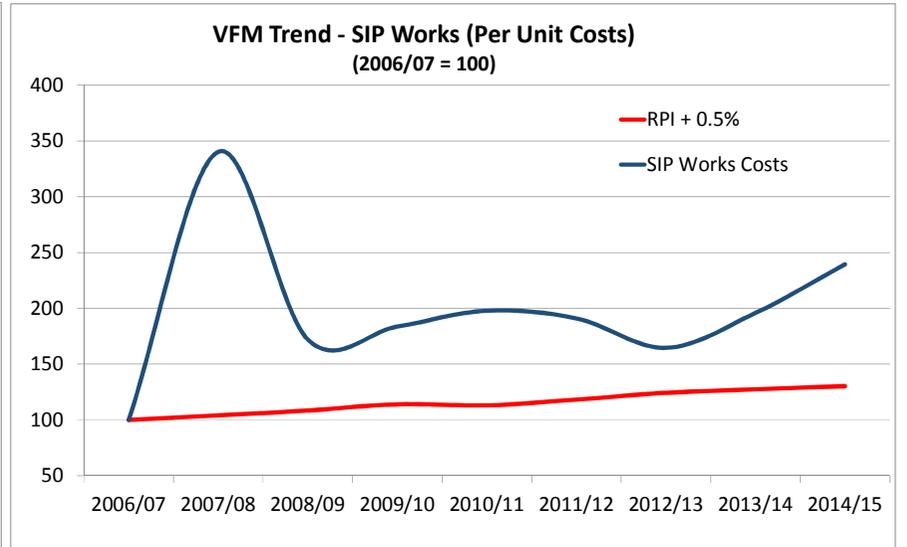
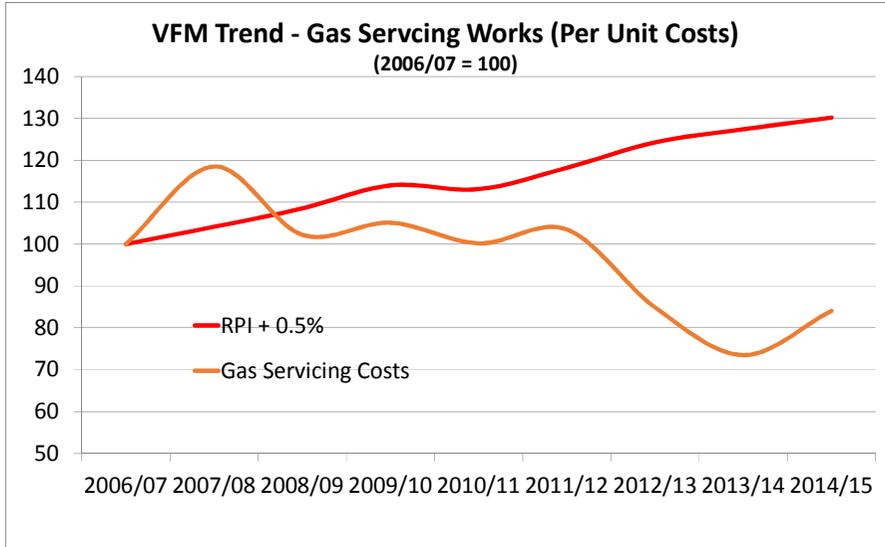
Service	£'000
Development (building new homes)	17175
Managing the development programme	612
Major repairs to homes	3674
Planned and responsive repairs to homes	3293
Managing repairs	1069
General needs and shared ownership housing management, including estate services and resident involvement	5529
Supported housing management, including property and support services	2089
Nursing homes	1329
Community investment	215
Overhead costs, including the Customer Services Centre	3037
Other	33
	38056

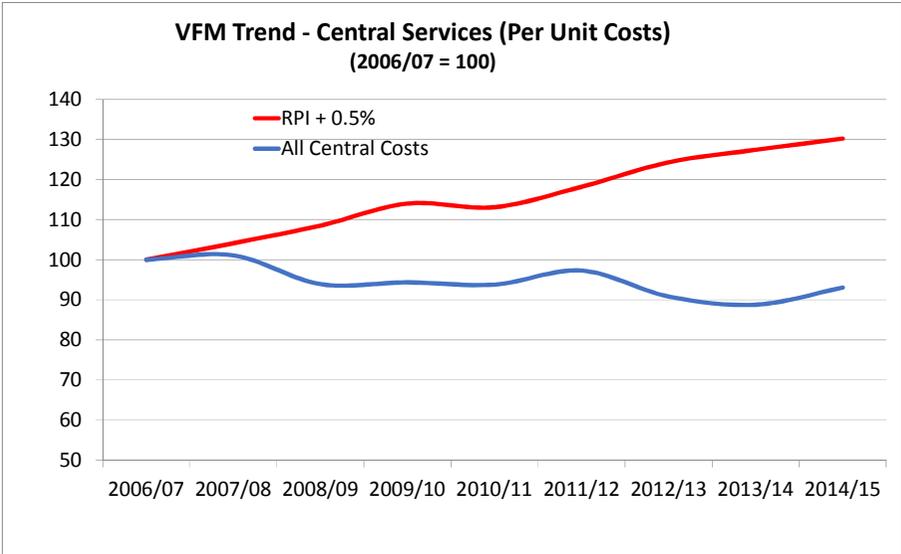
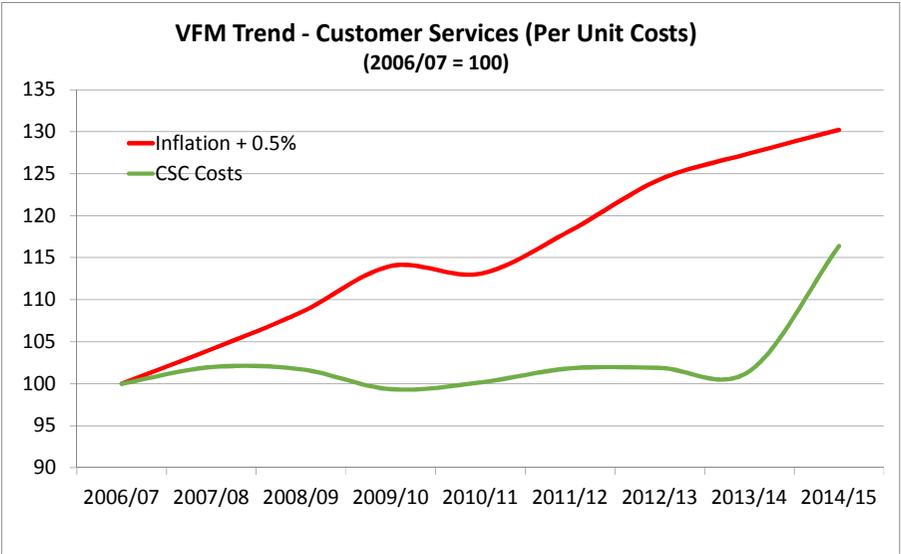
How Hexagon's costs per unit managed have moved since 2006/7

Appendix B









Outcome of value for money initiatives planned for 2014/15

Appendix D

What	Why	Cost	Financial benefit	Social benefit	Outcome
Consider the social impact as part of the options appraisal of empty properties on the potential disposal list;	So that disposal decisions reflect Hexagon's overall objectives as well as the financial impact.	Opportunity cost of the staff time to undertake the social impact assessment.	None	Reflects our social and well as financial objectives in these key decisions. Makes it more likely to dispose of stock in outlying areas.	9 empty properties were repaired and retained, as social value considerations outweighed financial ones.
Review the future costs and benefits of undertaking a more detailed analysis of our entire stock.	There may be factors, other than past and projected repair costs, that make a property unfit for purpose.	Opportunity cost of the staff time to undertake the cost/ benefit analysis.			Not undertaken in 14/15. Consultants have been engaged in 15/16.
Using the HACT approach to measure the social value of community investment	To enable an assessment of the effectiveness of our expenditure on community investment	Opportunity cost of the staff time to undertake the measurement.	None	Ability to redirect the community investment activities to focus on those of greatest benefit.	Confirmed social value of our employment support work which will continue as a high priority
Employ a contracts officer to monitor compliance with our estate services cleaning and gardening contracts.	This forms part of our estate services strategy to improve the look of our estates and ensure that residents get the services that they are paying for via service charges.	£25k pa for a part time contracts officer.	None easily measurable.	Improved resident satisfaction with estate services.	Impact on resident satisfaction with estate services will be assessed using survey data (Oct 15).

What	Why	Cost	Financial benefit	Social benefit	Outcome
Sell a to the local authority a sheltered housing scheme that was proving difficult to let .	To make better use of a purpose- built asset that is non longer filling its original purpose.	Potential increased value from selling the property at auction, rather than by negotiation.	Cessation of revenue losses, mainly on the empty offices.	Remaining residents can stay in their homes. Purchaser will use empty flats units to provide step down accommodation from hospital, commercial space as their own offices.	Transfer of ownership completed smoothly with minimal disruption to remaining residents. £450k released for reinvestment in homes for other residents.
Implement changes to the system for reporting defects	<ul style="list-style-type: none"> • So that defect repairs can be handled by the Customer Services Centre in order to provide good continuity of service • So that we have a system of tracking and following up outstanding/late defects and the progress of defect repairs • So that we can report on the status of defects and identify trends. 	One off cost of £15k	None	<p>Improved customer service by having a single point of contact for reporting defects and repairs and makes the transition from defects period to post defects simpler for the customer.</p> <p>Improved customer service by ensuring that there is always sufficient cover to answer incoming calls efficiently</p>	Changes implemented in Feb 2015. A formal post implementation review to ensure that benefits have been achieved will be undertaken in Dec 15

What	Why	Cost	Financial benefit	Social benefit	Outcome
Implement online as well as telephone surveys to increase the amount of feedback from residents of new schemes	To provide a more accessible and user friendly method of surveying residents which will lead to an increase in the level of resident feedback	Opportunity cost of the staff time to design and upload the survey.	None	Increased feedback from residents to help us improve the design of our new homes and thereby meet residents' expectations.	Online survey not implemented until August 2015. Impact on amount of feedback will be assessed in November 2015.
Increase volume of post-repair surveys undertaken on handheld devices (PDAs)		One off cost to programme data links.		Service failures to be identified and dealt with more quickly	This could not be implemented, as we had to replace the responsive repairs contractor.
Consolidate legionella and water testing services into one contract	To produce cost saving and streamline administration	Opportunity cost of staff time to retender.	Cost reduction of previous contracts	None	Cost reduction of £7k pa achieved
Undertake PDA based customer surveys of cyclical decorations.	To achieve a significantly better response rate to be able to deal with problems straight away	Opportunity cost of staff time to agree questions with contractors and to download survey results.	Saving in cost of doing telephone surveys.	Potential to redesign future programmes to avoid problems reported via increased customer feedback.	Surveys were undertaken by a combination of PDAs and over the telephone. The response rate did not increase – it reduced from 33% to 23%. If this does not improve for the 15/16 programme, the use of PDAs will be reviewed.

What	Why	Cost	Financial benefit	Social benefit	Outcome
Develop a brochure for Learning Disability Schemes	To improve take up of the schemes and reduce voids.	Opportunity cost of staff time to produce the brochure, plus some minimal printing costs.	Reduction in void losses on these schemes compared to the 13/14 level.	More people with learning difficulties helped to live more independently.	Brochure is now in use. Void costs have dropped by 11% compared to 13/14, reducing lost income by £3k. It is not possible to tell how much the brochure affected this.
Increase the business analysis and project management resources available to the organisation.	To enable business improvement projects to be completed more quickly.	Likely to be around £80k pa	Not measurable at present.	Not measurable at present.	Two new posts were approved for 15/16. A business analysis specialist is now in place.

Outcome of other value for money initiatives undertaken in 14/15

What	Why	Cost	Financial benefit	Social benefit	Outcome
Worked with Lewisham anti-fraud team to recover three properties which were inappropriately occupied	To recover social housing properties for occupation by those who are in most need	Minimal	Around £12k in legal costs.	Three properties released for letting to households in genuine need.	Same as social benefit
Reduced the number of printers, whilst upgrading the existing ones	To save money on print costs	None, as printers are leased	Reduced print costs by £1.8k a year.	None	Same as financial benefit

What	Why	Cost	Financial benefit	Social benefit	Outcome
Changed procedures for managing staff sickness	To reduce the amount of staff time lost through long term sickness.	None, as procedure review undertaken by existing staff	Estimated at £84k a year	Staff given more support to help them return to work.	Staff sickness rate reduced from 4% to 2%

Actions to be undertaken in 2015/16

Appendix E

What	Why	Cost	Financial benefit	Social benefit
Every development scheme in the 15/18 programme to have achieved start on site by September 2016	To ensure timely completion.	An temporary increase in staffing to allow for more sites to be assessed and progressed, costing £36k	N/A	To provide the agreed programme of affordable housing as soon as possible.
Use the HALA procurement club framework for solicitor appointments	To obtain cost savings on the Association's legal bills	Annual HALA fee of £7.6k	Savings in legal costs.	None
Undertake a post implementation review of the new defects system	To ensure that the planned benefits of the system have been achieved.			
Join the SDS Catalyst benchmarking club	To obtain more detailed benchmarking information on our development performance.	Opportunity cost of staff time.	To identify and correct where Hexagon is overspending compared to our peers	Depends on outcome of benchmarking.
Set up at least one new derivative agreement	To reduce the risk of future cash calls if further interest rate swaps are needed	Estimated £10k in legal fees	None – this is to manage risk, rather than to save money	None

What	Why	Cost	Financial benefit	Social benefit
Arrange further funding facility	To fund the 15/18 development programme.	Arrangement, legal and security charging fees of £179k for a £22m loan.	Interest rate on the facility to be less than the 3.7% assumed in the Association's budget	To enable provision of a further 200 units of affordable housing.
Review our approach to identifying properties which should be sold	There may be factors, other than repair costs and poor social value, that make a property unfit for purpose.	Consultancy fees to help with this exercise.	Resources released to invest in properties which are better fit for purpose.	
Improve SAP (energy efficiency) rating of existing homes through a combination of internal funding and external grant	To help address fuel poverty	A £220k budget for energy efficiency improvements in 15/16, in addition to the improvements planned from replacing worn-out boilers, windows and roofs	None to Hexagon	To reduce fuel poverty by ensuring that, by March 2017 no Hexagon resident lives in a property with a SAP rating lower than 65
Gas contract to be retendered through a procurement club	To obtain services at best value	Annual procurement club fee of £8k, part of which supports other tender activity.	Estimated saving of £10k in procurement costs	Resident working group has an opportunity to shape the way that services are delivered.
A review of voids to look at <ul style="list-style-type: none"> • Where performance can be improved; • The costs and benefits for better software to help track voids. 	Improve performance on void turnaround time	None – review to be undertaken by business improvement team	Reduction in rent and service charges lost during void periods	Letting empty properties more quickly to households in need

What	Why	Cost	Financial benefit	Social benefit
Improved reporting on void activity to effectively monitor void expenditure and manage performance	As above	As above	As above	As above
Review the use of PDAs for obtaining survey data about cyclical repairs if the response rate does not improve during 15/16.	To identify the most effective survey method.			
Retender the Cleaning and Grounds Maintenance contracts	To obtain services at best value, with some enhancements of service delivery	£8k plus opportunity costs of staff time.	For residents, the aim is to provide a better service for the same cost. For Hexagon, there may be a small improvement in unrecoverable services charges.	Resident working group has an opportunity to shape the way that services are delivered.
Assess the impact of the new contracts officer on resident satisfaction with estate services.	To check whether the new post is improving services to residents.			