Southern Housing Group

Southern Housing Group Value for Money Statement 2013/14

Southern Housing Group
www.shgroup.org.uk

A business with social objectives

Value for Money Statement for 2013-14

By the Board of Southern Housing Group Ltd

1. Introduction

As a Board we are clear that we want to deliver our corporate objectives in a low or no grant environment. For us value for money (VfM) is an essential component of our future success. It's about being more efficient, keeping our costs under control, generating more income, and delivering good quality outcomes that drive high customer satisfaction.

During 2013 we developed a new Corporate Strategy for Southern Housing Group. We have defined our organisation as "a business with social objectives," reflecting our operating environment where being business like, and independent, are key to our success. We have set corporate objectives that are clear, concise, and work well within the current political and economic climate. The plan comprises five key challenges. These are:

- Valuing our history, developing our brand, and enhancing our reputation
- Providing quality homes
- Offering sustainable tenures
- Building without public subsidy
- Delivering value

Meeting the challenges is dependent on Southern Housing Group being able to drive improved value for money from every part of our business. This statement looks at how we performed last year, explains our key VfM techniques, and considers what we can do in the future.

2. VfM - Where are we now?

In our 2013 statement we set out some VfM goals. The key goals and what we have achieved are set out below.

Goal	Achievement in 2013-14
Enhance our financial viability	Achieved through another strong financial performance resulting in an operating surplus of £56.3 million.
Rationalise our stock holding	Achieved through the sale over three years of 876 units of housing, for a total of £44,876,328. We purchased 416 homes for £30,690,575.
Develop 300 units of housing each year	Not achieved. We experienced delays in starting projects, and the 2013-14 programme was our smallest for some years.
Reduce the maintenance spend by 3%.	Our reduction was slightly less than 3% in 2013-14, but it represents a reasonable outcome.

Better use of peripheral resources such as garages and community halls.	Achieved. Garage rentals are better controlled and income has increased. Community hall income has also increased.
Maintain good levels of income collection and recovery despite welfare reform challenges.	Achieved. Rent arrears owed to Southern have fallen from 4.04% in 2012-13 to 3.51% for 2013-14.
Improve our performance on allocating and letting empty homes.	Not achieved. Our performance worsened significantly for a time, but is improving now.
Reduce the cost of running our human resources department.	Achieved. We achieved L&D savings of £366,000 and reduced the cost of recruiting a member of staff from around £2,000, to £979. We also made other smaller administrative savings.

Our record of VfM achievement over the past year has been mixed. We have made some good progress, but struggled with letting empty properties and with setting a budget that reduced our operating costs. We have a good understanding of our assets. Our processes do drive better value from those assets within the context of a provider of low cost housing. However; we do not think that we have yet reached a stage where we can easily articulate all of the value improvements that we achieve. So we acknowledge at the start that we have more to do on that front.

We do calculate and understand the cost of delivering our services and are able to use performance and benchmarking data to concentrate our efforts on underperforming areas. We need to improve our understanding of costs at a more granular level, and then being able to realise in cash or added value, the benefits of improvements made. We then need to articulate those gains to both ourselves and our stakeholders.

In 2013, we commissioned our Internal Auditors KPMG to audit Southern's approach to VfM. KPMG has given us its second highest assurance rating ("adequate assurance") for our approach to VfM. We think that the KPMG report is an accurate summary and assessment. We have accepted the findings and recommendations and have set as objectives for 2014-15, the tasks of defining and measuring VfM outcomes effectively, and gaining a better understanding of the return on our investments and social value achieved. The Board and management team will be working with KPMG to build on our current achievements, and put in place a more detailed and robust framework for assessing VfM in the future. The improvement objectives from last year remain current. In 2014-15 our additional VfM objectives are to;

- Fully understand why our performance on re-letting empty homes declined, and move re-let times closer to the 2012-13 level.
- Develop improved ways of assessing, capturing, and reporting on the value derived from our work and the improvements that we make.
- Embed our active asset management methodology.
- Focus on reducing our costs in areas that are comparatively expensive.

- Develop our in house repairs and maintenance service and start to realise cost savings from that service.

3. Our VfM performance

We think that the following measures are good indicators of whether or not the business is achieving VfM.

Measure	2013-14	2012-13	G15 Average	Why VfM
Management costs per home	£1,230	£1,184	£1,369	Keeping these costs low increases our surplus and helps us to achieve our objectives.
All maintenance costs per home	£845	£860	£848	
Total operating costs per home	£3,320	£3,412	£3,570	
Service costs per home	£540	£566	£245	Reducing service costs directly benefits our residents.
Operating margin for social housing lettings	30%	26%	27%	Comparison indicates how efficiently we manage social housing compared to G15.
Rent loss between lettings	1.5%	1.5%	0.95%	Losing income from empty homes has a negative impact on our surplus.
Average re-let days for empty homes	43	23	35	
Rent arrears as a % of annual rent due	3.51%	4.04%	5.00%	Keeping rent arrears low maximises our income.
Resident satisfaction	81%	84%	78%	Resident satisfaction is a good measure of perceived service quality.

We are pleased that we have been able to achieve a drop in rent arrears despite the growing impact of welfare reform and generally adverse economic conditions for many of our residents. Our objective is that over time the rent arrears percentage will remain stable at around 4%. We are also pleased that our satisfaction figures have held up reasonably well over a period of economic stringency, when many people have had good reason to feel despondent. The main VfM challenge for 2014-15 will be letting our empty properties more quickly. We have experienced operational problems that lead to a worrying fall off in performance. These problems are now being addressed robustly, and our performance is now starting to improve.

Benchmarking

The Board believes that benchmarking its performance against others can be a useful tool in judging performance generally and VfM in particular. We are active participants in HouseMark which provides benchmarking data reports for the G15 associations. The key benefit of our work with HouseMark is that it helps us to understand our cost base in some detail, assess VfM compared with other similar providers, and inform our decision making. The headline figures from the latest HouseMark report are summarised below. The 2014 figures are likely to be available in October 2014.

HouseMark G15 Benchmarking Summary 2012-13					
Indicator	Southern	Quartile	Upper	Median	Lower
Housing management cost per property £	474	1	481	547	580
Cost of finance dep't as a % of turnover	2.1%	3	1.8%	2.0%	2.2%
HR Costs as a % of turnover	1.3%	3	0.8%	1.2%	1.5%
Cost of IT as a % of turnover	2.2%	1	2.6%	3.2%	3.5%
Central support functions as a % of turnover	1.9%	1	1.9%	3.4%	3.8%

These figures compare Southern Housing Group with the London G15 housing associations. We also benchmark against a portfolio of other large housing associations and against a selected range of larger metropolitan based associations.

Our VfM measures and benchmarking act as trip wires to make us think about our performance and costs. They tell us that we perform well on rent collection and management costs. We perform less well on the cost of human resources, and need to continue with our work to make that function more efficient. The finance costs look high, but they include the costs of a separate joint venture vehicle that Southern has invested in. When these additional costs are removed, our performance on finance costs moves into the G15 top quartile.

4. Value for money and our business

Financial capacity

To deliver our corporate objectives we need to build financial capacity through a combination of prudent cost saving, and income generation, all within the context of an organisation whose objectives are to help people on low incomes. It is important to us that we make a surplus on our essential activities. We think that this is a key indicator of value, and it is gradually improving. The table below shows how our underlying surplus has changed over the past five financial years.

	Income and Expenditure Account Essential Core Activities Underlying net surplus in £ millions				
	2014	2013	2012	2011	2010
Operating Surplus	42.6	35.6	28.9	32.5	23.4
Operating Margin	30.6%	26.7%	23.2%	27.1%	20.1%

Our other activities generate significant surplus that enable us to meet our wider objectives. The table below shows our overall surplus for the past five years and the margin on turnover after impairment.

	Income and Expenditure Account - Group Consolidated				
	2014	2013	2012	2011	2010
Operating Surplus	56.3	57.4	35.2	33.5	27.5
Operating Margin	33.1%	30.8%	25.1%	25.7%	20.5%
Net Surplus	37.3	38.8	17.9	21.1	8.0
Net Margin	21.9%	20.8%	12.8%	16.2%	6.0%

Year on year profitability has improved, with the exception of 2012, from an operational perspective as well as the overall underlying business.

Our surplus will vary over time depending on operating conditions and the amount and type of activity that we are involved with. This variability is reflected in our business planning. Our overall surplus for 2013-14 (including joint venture surpluses) of £56.30 million, represents an excellent outcome for the Group. The key factors contributing to the surplus were a strong performance on property sales, increased rent revenue, containing operating costs, and a disciplined approach to budget adherence.

Business planning

The starting point that helps to define our VfM requirement is our business plan that has now been updated for 2014-15. This sets out our growth goals and considers the resources that we need to achieve to deliver those goals.

The key elements of our growth plans are to:

- Develop an average of 300 additional* units of new housing each year from April 2015 to March 2020.

- These units will comprise affordable rent, market rent, shared ownership, and outright sale, which will increase tenure diversification and begin to adjust our overall stock profile.
- Improve our income stream through an ongoing empty property conversion programme from social rent to affordable / sub-market rent.
- Pro-actively dispose of under performing housing stock and stock in non core areas, and acquire homes in areas that are of strategic importance.
- Understand and effectively manage the risks associated with our growth activities.

We have carefully modelled our capacity to deliver our programme and know that to succeed in delivering our programme we will need to achieve an 11% reduction in our operating costs (after inflation) over the next four years. This equates to around £2m each year. We will achieve this through a combination of careful budgeting and cost controls, as well as genuine efficiency savings. We will also seek opportunities to maximise income.

The 300 additional units are above and beyond the ongoing development programmes originally agreed by the Board in 2012.

Our costs
During 2013-14 our operating costs in social housing lettings excluding depreciation were £74.2 million. This represent a £700,000 saving on the inflation adjusted 2012-13 equivalent costs figure. The saving indicates that we controlled our costs well during the year, despite repairs and maintenance price increases running ahead of CPI.

Profit from property sales in the year of £25.7 million shows an increase over budget of £15 million. This has boosted our net surplus to £26.9 million better than the budget position. Overall we have kept cost increases low and successfully maximised revenues from the planned sale of assets. The budget for the current year 2014-15 puts us comfortably on course to achieve a surplus level that enables us to deliver our business objectives; however, we are working to achieve cost savings during 2014-15.

Procurement
High value projects are all competitively tendered, and where possible, savings and added value are recorded. We have introduced a new streamlined Procurement Policy and Procedure and enhanced controls by growing our central contract register. A list of larger procurement projects during the year and procurement savings estimates can be found as Appendix 1 to this statement.

VfM Achievements
In 2013-14 the Group procured contracts to a value of £38.7 million, and made procurement savings estimated at 4.4% equating to £1.7M.

The Group let eight contracts in 2013-14 using existing external procurement frameworks. We estimate that we made ongoing savings in the region of £300,000 per year.

The Group has also had considerable success with internal procurement frameworks. For example; over the past five years our consultants' procurement framework has saved the Group around £2.9 million in total, or 40% of costs, when measured against previous prices paid.

Estate services framework
A major new procurement project for 2013-14 was the establishment of our own EU compliant framework agreement for Estate Services. We are now using this framework to replace around 150 separate contracts with around 20 new larger contracts. This work will continue over the next two years as existing contracts expire. The new contracts will have much clearer specifications, be easier and more cost effective to manage, and have been thoroughly market tested. Through improved quality and price assurance we aim to deliver significantly improved VfM for our residents.

Continuous Improvement
As a Board we are committed to embedding Lean Systems Thinking throughout the business. This improvement approach helps to identify and remove waste within our processes. Throughout the last year the Continuous Systems Improvement (CSI) team worked on a range of improvement projects. Our challenge over the next year is to positively demonstrate and articulate the value that this approach releases.

VfM Achievement
As part of a project to save resources by reducing the number of purchase orders raised, and invoices received and processed, one of our regional teams achieved a reduction in the number of orders raised from 73 to 13. This produces an estimated reduction of staff processing time from 4 days to 3 hours.

Value in HR
The Human Resources Department achieved significant cost savings during 2012-13. This moved it from the 4th to the 3rd quartile for cost performance when compared to G15 associations. So the VfM picture is improving, but we acknowledge that costs remain high. During 2013-14 the Department continued to make efficiency gains, cut costs, and reduce waste. £273,000 worth of external funding for training was secured by the department, and used to enhance staff skills. The department trained a first cohort of internal mediators, mentors, and coaches, to provide in house services for the Group. This has already saved around £52,000 from the cost of employing external consultants. By doing more in house training and terminating contracts that were expensive, our learning and development team has achieved cost savings of £366,000 during the year.

VfM Achievement
We achieved cost savings amounting to around 40% of the 2012-13 recruitment budget, while recruiting some 80 more staff than during the previous year. The average cost of recruitment has so far reduced from £2,000 to £979 per candidate. Our aim is to reduce this still further.

5. Getting the most from our assets

Understanding our assets

We have an Asset Management Strategy, and a formal Asset Management Group, that meets regularly to oversee this function. Control is exercised through information systems that give us a comprehensive understanding of all of our housing stock. Our information is kept fresh by routine information capture and regular re-assessment.

Detailed knowledge of our stock and the associated costs over time, enables us to take a considered approach to managing our assets, enabling us to ask questions such as ….. Should we retain properties and re-invest in them, or should we sell them and use the money to invest in more useful housing stock perhaps in a different area? How often should we carry out cyclical repairs and maintenance on a particular estate? Are there components to a particular type of stock that we should replace en mass, rather than through piecemeal reactive repairs work? The answers enable us to drive good value from the assets that we own.

Our stock rationalisation programme
The Board recognises that there needs to be a good business purpose to holding any property asset, based on both economic and social returns. To ensure that our existing property assets make a positive contribution we appraise properties to ensure that:

- They meet our residents' current and future needs and aspirations
- They contribute positively over time to the financial wellbeing of the Group
- There is a good geographical fit so that we can manage the property efficiently and effectively in the interests of our residents.

The Group embarked on a stock rationalisation programme in 2011. We are now nearing the end of the programme. Since we started work on the programme, we have sold 876 units of housing for a total of £44,876,328 and have purchased 416 properties for £30,690,575. Units have all been sold to other registered providers.

VfM achievement
The amount we buy and sell units for is measured against their existing use value (EUV). Where we have sold property we have achieved an average premium rate of around 46% above EUV. Where we have purchased property we have done so at an average premium rate of just 20% above EUV.

In this first programme we have concentrated on selling units where our stock holding is small and ongoing management is not efficient. Properties sold tend to be in lower value areas. Properties purchased have tended to be in higher value areas where we already have a significant stock holding. Since 2011 we have reduced the number of local authority areas in which we work from 80 to 50.

Active asset management
We have always kept our assets under review and taken steps to make ever better use of them. For example; in 2007 we identified part of our Stepney Green Estate as poorly performing. By building and selling 23 homes on the open market, we generated the revenue that enabled us to build 55 new social rent homes, used to rehouse both existing and new tenants. So the site has gone from 40 to 78 homes, increasing the social rent units by 15 (or 38%).

Our new focus on value requires a systematic analysis of the Group's stock at scheme level, utilising our extensive data to consider future asset use. In undertaking this exercise we will consider:

- Poorly performing stock
- Housing stock on sites shared with other landlords
- Well located stock with potential for greater returns
- Classes of stock with common challenges
- Stock with potential for intensification of land use
- The use of empty stock held for redevelopment, and
- Exploiting the potential of under used sub units, e.g. Garages

Experience tells us that this approach consistently applied leads to good development and reinvestment opportunities that benefit Southern Housing Group and our residents. At present we are part way through a project at Lisgar Terrace in West London, which is thoroughly modernising 200 existing homes, and will generate an additional 34 new homes to create a mixed tenure scheme in one of Britain's highest value areas. We are also evaluating a completely new project in East London which will see 100 low performing properties, being demolished and replaced by 200 modern properties that better suit the needs and aspirations of our residents, and the wider local community. These types of projects work to increase our income through rent and sales, often funding the improvement and redevelopment works that benefit our residents.

The financial return on our homes

At a macro level, it is important that we understand the financial return on the different types of housing that we own. The chart below shows the operating surplus per unit, generated by each principle category of housing. We find this a useful rough guide, which guides our thinking on stock holding, and future capital investment.

	No of units	Operating surplus £000	Operating surplus £ per unit
All social rented housing	20,724	30,090	1,452
Shared ownership housing	3,485	5,879	1,687
Affordable rented housing	448	184	411
Intermediate rented housing	1,000	4,236	4,236
Open Market Rent	14	19	1,357

Note: The surplus figure for affordable housing appears lower than expected because this is a relatively new tenure and many returns are for less than a full year. Future returns are likely to be higher.

Value through re-letting our homes

A key way that we ensure that we get good value for money from our housing property assets is to assess certain property types for conversion to the Affordable Rent tenure. The assessment process takes into account the type of unit, the local market, and possible affordable rent levels, and local knowledge of the scheme and area to ensure the best tenure choice is applied. Re-letting at affordable rent levels creates new social value by enabling us to help relatively low income working households, and increases our income, enabling us to invest in new affordable homes.

Our intermediate rented units are also carefully assessed when they become vacant or tenancies expire. We use market knowledge to decide on re-letting at a rent that is economic for our business, or offering for outright or shared ownership sale.

Developing new homes
Building new homes to a high standard is an essential part of our extended asset management strategy. A combination of factors, including extracting maximum value from our existing assets and both strategic and economic sales, enables us to build up our financial surpluses and lever in the external finance to fund new housing development.

Before committing to a development project, the costs and benefits of the scheme are carefully modelled. We use a discounted cash flow model and benchmark the financial performance against hurdles on the payback period, rate of return, net present value, and cost to value percentage. We also build in tenure flexibility to provide an alternative or exit strategy, should our target market change during development, or fail to respond. The construction procurement process is competitive.

Each year we take part in a development benchmarking exercise with the London G15 associations. The benchmarking report serves highlight areas that we may want to examine more closely. The latest report indicates that we do relatively well on scheme costs coming 3rd in the G15 for total scheme costs and 4th for cost per square metre. Our scheme on costs are the 2nd lowest, and our overall housing quality score of 65.5% is the 3rd highest and better than the national average. Our resident satisfaction with new homes scores very highly at 96%.

An area that we have thought about more closely is sales costs which at £6,864 per unit are relatively high when compared to G15 associations. On reflection we are satisfied that the sales costs are explained by sound business decisions, and justified by the achievement of good revenue levels for the additional outlay.

Maintaining our existing homes
Maintaining and investing appropriately in our existing housing stock is vital both for the well being of our residents and the protection of our assets. The cost of routine, cyclical, and major works is the largest area of our spending. It has been a priority for us to look at this area with a view to reducing waste, lowering overall costs, and improving the quality of what we do.

The following table details expenditure since 2011 within the maintenance and reinvestment functions.

All figures £'000	Year 3 2013/14	Year 2 2012/13	Year 1 2011/12
Routine Maintenance	£22,303	£22,721	£21,553
Planned and Cyclical	£5,260	£5,407	£6,242
Major Repairs	£12,184	£13,533	£13,797
Total	**£39,747**	**£41,661**	**£41,592**

The out turn figures demonstrate efficiency savings of just over £1.7 million since 2011, equating to just over 4% over the period.

We have for some time been exploring the possibility of creating an in house maintenance team. In 2013 an opportunity to create the new team arose and we commenced providing our own repairs service to residents in Kent in April 2014. We are confident of producing cost savings through a combination of direct employment of operatives, no requirement to pay VAT, and the elimination of a profit element. In the 1st year we expect to make savings of around £300,000. We expect this to rise to around £500,000 in year 2. We are confident that this project will result in reduced costs and improved quality, and we intend to expand it to other areas once its effectiveness has been proved.

6. Social value

One aim of our social value work is to create additional value within the framework of a contract and not to add to the cost of the contract. Many firms that we work with are keen to deliver social value as it helps them meet their corporate social responsibility objectives and enhance their reputation. Our role as purchasers is to facilitate arrangements that support communities and individual residents.

This year we have employed a social value specialist to help maximise the value from our contract and supplier relationships.

VfM achievement

An immediate outcome of our new focus on social value has been the creation of three direct employment and three apprenticeship opportunities for our residents.

Dealing with welfare reform

This year our focus has been on supporting our residents through the government's welfare reform changes. We have invested in additional financial and employment skills staff, who have focussed support on residents impacted by the spare room subsidy and the benefit cap changes. We have seen a return on this investment as we have been able to reduce the financial impact of these changes on both residents and on Southern Housing Group's rental income. For example this year on the Isle of Wight our two new Financial Skills Officers have accessed over £50,000 on behalf of residents, a large proportion of which has been credited to rent accounts reducing the Groups arrears exposure.

Southern Works

This is a project designed to get unemployed residents into work. Our employment advisors work with residents on a one-to-one basis, develop personal development plans, and help them to access the training that they need to successfully find work. Research indicates that our employment work has a social value of around £1.5 million.

VfM achievement

This financial year Southern Works, together with our other employment initiatives, has worked with over 500 residents, giving them one-to-one employment advice, empowering residents to find work.

- 306 people were referred to the service
- 148 people found work experience, volunteering, education or training opportunities
- 120 people found paid employment (a 50% increase on last year's figures)

Computers in communities

We have recruited and trained volunteers to help residents learn IT skills that will help them in both their working and personal lives. The volunteers training has led to them being able to gain experience and find paid employment. Through digital engagement our residents have been able to access better financial and employment services, and are better prepared for the introduction of universal credit and direct rent payments.

VfM achievement

During 2013/14, the team worked with 77 volunteers from a variety of backgrounds. Thirty six volunteers were Southern Housing Group residents. Twelve volunteers found work during this time, and a total of 985 volunteer hours were donated to help deliver the service.

Value through sustainability

In 2012/13 the Group refreshed its environmental sustainability objectives and set out a commitment to improving the environmental performance of our homes in ways that benefit our residents. Our objectives include, delivering affordable warmth, and reducing fuel poverty. Central to this is constructing new homes to the Code for Sustainable Homes level three and above, and employing a fabric-first approach to ensure that all of our homes are well insulated to keep running costs affordable for residents. Over a four year period we raised over £1 million of external funding to provide improved heating and insulation to existing homes.

Affordable Warmth

The Reinvestment Team continues to make energy efficiency improvements to our housing stock using Energy Company Obligations, including funding for hard-to-treat cavities, loft and standard cavity wall insulation, and replacing communal boilers. This directly influences our resident's fuel bills and improves warmth and comfort.

In December 2013, we approved two years funding to create an in-house Home Energy Advice Team (HEAT). The team has now started providing energy advice and practical help to our residents through home visits and group events. Our aim is to add social value by helping some of our most vulnerable residents with their fuel bills and home heating issues. In addition, 29 staff members have been trained to understand energy efficiency measures and recognise the signs of fuel poverty. These staff can provide direct advice or refer residents to HEAT colleagues for help.

Low carbon
In June 2013, the Group won the Building Research Establishment (BRE) award for the housing association that has developed and constructed the highest number of social homes through BRE since the Code for Sustainable Homes became operational in March 2007, with a total of 1076 certified homes. To continue the learning of constructing low carbon, sustainable homes that are affordable for residents we are also building a new housing scheme of 28 units on the Isle of Wight to Passivhaus standards that will utilise natural heat and energy sources in an area that is not on the gas supply grid. Additionally we have invested in renewable energy sources in selected schemes making use of grants and sales tariffs nationally available.

These types of project create some social value in that we have continued to reduce our corporate carbon footprint and help to make residents fuel bills more affordable.

Measuring social value
During the coming year we shall be exploring the use of new techniques for measuring social value in an objective way that can be reported to our stakeholders.

Southern Housing Group

Larger EU Compliant Procurement Projects 2013-14

Requirement Description	Contract Start Date	Length of Contract (Months)	Total Contract Value (exc VAT)	Annual Value	Total Savings	Annual Savings
Framework Agreement for the provision of estate services	20/01/2014	48	£6,800,000.00	£1,700,000.00	Cost savings yet to be identified[1]	
Lift service and maintenance contract - All regions	01/09/2013	60	£4,185,407.00	£448,540.70	£149,874.65[2]	£30,724.93
Fire alarm, AOV and emergency lighting servicing- TGW, Ldn, South & West Regions	24/05/2013	60	£3,208,022.00	£320,802.20	£1,049,031.33[3]	£209,806.27
Recruitment services	13/09/2013	24	£2,166,513.00	£722,171.00	Cost savings yet to be identified[4]	
Group utility contract - Electricity	01/10/2013	24	£1,455,884.00	£727,942.00		
Framework Agreement for the provision of security services	03/02/2014	48	£1,340,000.00	£335,000.00	Cost savings yet to be identified[5]	
Centralised print, stock management and mail fulfilment service	01/04/2013	36	£1,152,000.00	£384,000.00	£105,984.00[6]	£35,328.00
Water hygiene checks on tanks and water service equipment	23/05/2013	60	£1,149,220.00	£114,922.00		
3rd party payment service for residents to pay rent and any associated or other charges	01/11/2013	48	£1,100,000.00	£275,000.00	£30,910.00[7]	£7,727.50

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Larger EU Compliant Procurement Projects 2013-14

Requirement Description	Contract Start Date	Length of Contract (Months)	Total Contract Value (exc VAT)	Annual Value	Total Savings	Annual Savings
Group gas supply	01/10/2013	12	£818,192.00	£818,192.00		
Group electricity supply	01/10/2013	12	£369,196.00	£369,196.00	£10,000.00[8]	£10,000.00
Fixed, mobile, non-geographic, telephone systems maintenance and Broadband services	07/10/2013	24	£308,000.00	£154,000.00	£242,000.00[9]	£121,000.00
Fire alarm, AOV and emergency lighting servicing - IOW	23/05/2013	60	£308,000.00	£30,800.00	£12,628.00[10]	£2,525.60
Fire risk assessments for the Group's properties	27/08/2013	48	£300,000.00	£60,000.00	£15,000.00[11]	£3,750.00
Occupational health services for Group staff	01/04/2013	12	£150,000.00	£150,000.00	£26,250.00[12]	£26,250.00
Group stationery supplies	01/01/2014	12	£80,000.00	£80,000.00	£1,040.00[13]	£1,040.00

1 – Considerable efficiency gains expected from reducing 150 suppliers to 20. There is also an expectation that the larger value of the contracts awarded by the Group will achieve a better economy of scale.

2 – Saving based on comparison with second placed bidder in tender.

3 – Saving based on comparison with second placed bidder in tender.

4 – Consolidation of recruitment services to one supplier. Better economy of scale achieved by engaging Morgan Hunt through the Procurement for Housing (PfH) Framework Agreement.

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Larger EU Compliant Procurement Projects 2013-14

5 – Consolidation of security services to two suppliers across the Group. Expectation of a better service at reduced cost through fixed pricing and a defined service standard.

6 – Based on 9% VAT saving.

7 – Saving based on historical Group spend data.

8 – Saving realised by switching from Opus to EDF.

9 – Supplier engaged through the Government Procurement Service (GPS). Savings information obtained from the GPS tender report.

10 – Saving based on comparison with second placed bidder in tender.

11 – Saving based on historical Group spend data.

12 – Saving based on comparison with industry average.

13 – Saving made through implementation of ‘switch and save’ web functionality.