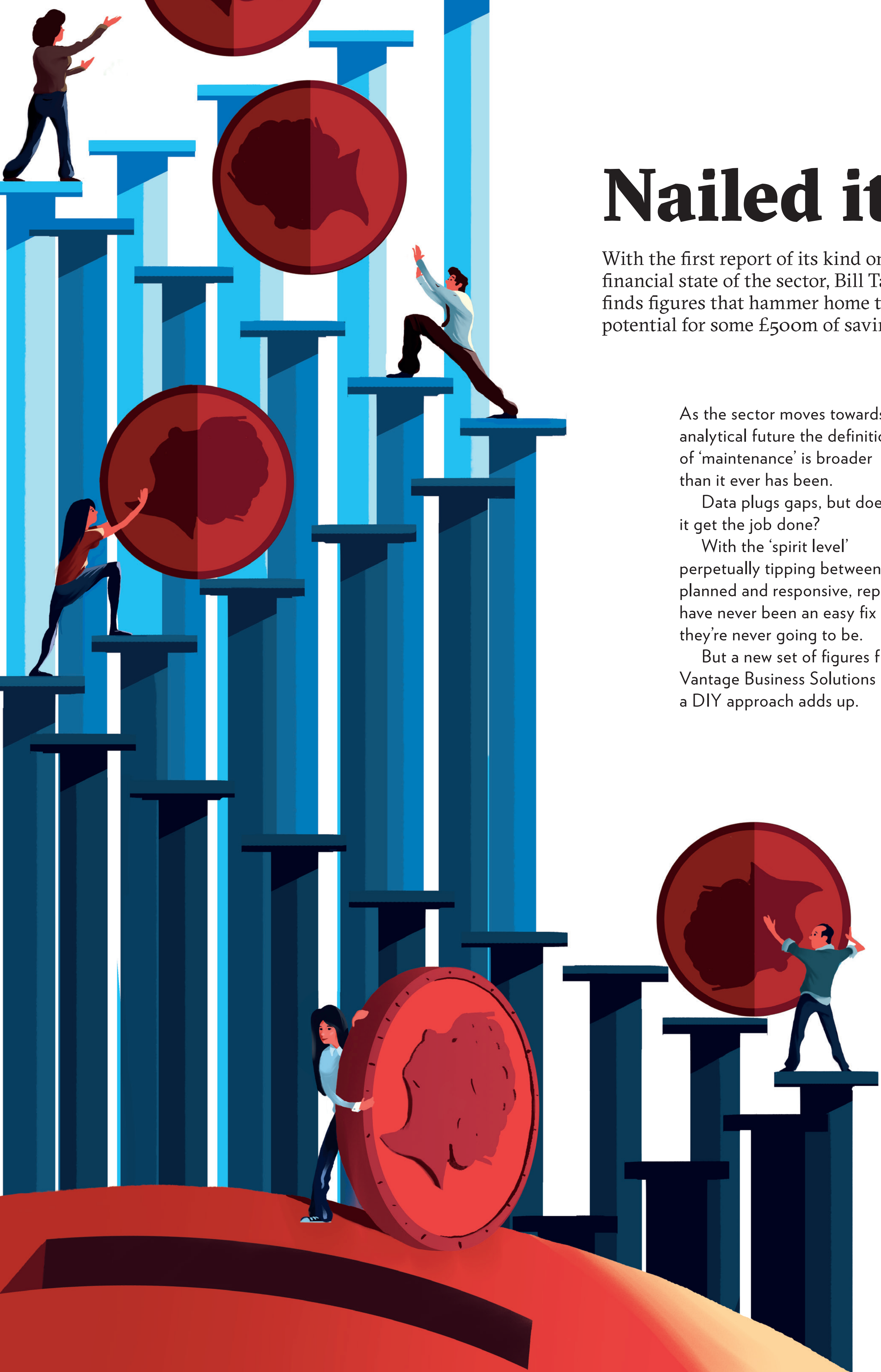


Nailed it!

With the first report of its kind on the financial state of the sector, Bill Tanner finds figures that hammer home the potential for some £500m of savings.

As the sector moves towards an analytical future the definition of 'maintenance' is broader than it ever has been.

Data plugs gaps, but does it get the job done?

With the 'spirit level' perpetually tipping between planned and responsive, repairs have never been an easy fix – and they're never going to be.

But a new set of figures from Vantage Business Solutions show a DIY approach adds up.

That's DIY in each association exploring its data-driven potential in better procurement, management of external contractors and transformation of internal commercial culture.

> "we are continuously looking to achieve better value for money and do more for our tenants, whilst being commercially minded."

In this, Vantage identifies a saving to providers upwards of at least half a billion pounds per year.

It's there in an all-new The First Look financial state of the sector FY16/17, that is the first sector-led report of its kind.

The report presents financial analysis of the performance of the social housing sector.

Vantage chief executive, Tony Bryan, explains further: "Using a target cost of £500 R&M cost per unit that has been already achieved by successful parts of the sector, if we were to apply this across each RP in the Top 132 data, this would yield annual savings of £448m per annum.

"In the report, 87% of housing providers were above this target figure."

Other key takeaways from the report include:

- Despite a slight fall in overall turnover and against the background of the 1% rent reduction, operating margins improved and the total operating surplus of the sample increased by 15.6%
- The year saw big reductions in employment costs (down 6.6%) and the total number of staff (down 3.85%), possibly indicating that many of the staff reductions were high-earners
- Investment in new and existing homes has been funded mainly by cash generated from operating activities including the sales of fixed assets have been sold to fund new development.

The state of the sector report was produced by Vantage in response to a "demand for timely insight and analysis" of the Global Accounts data.

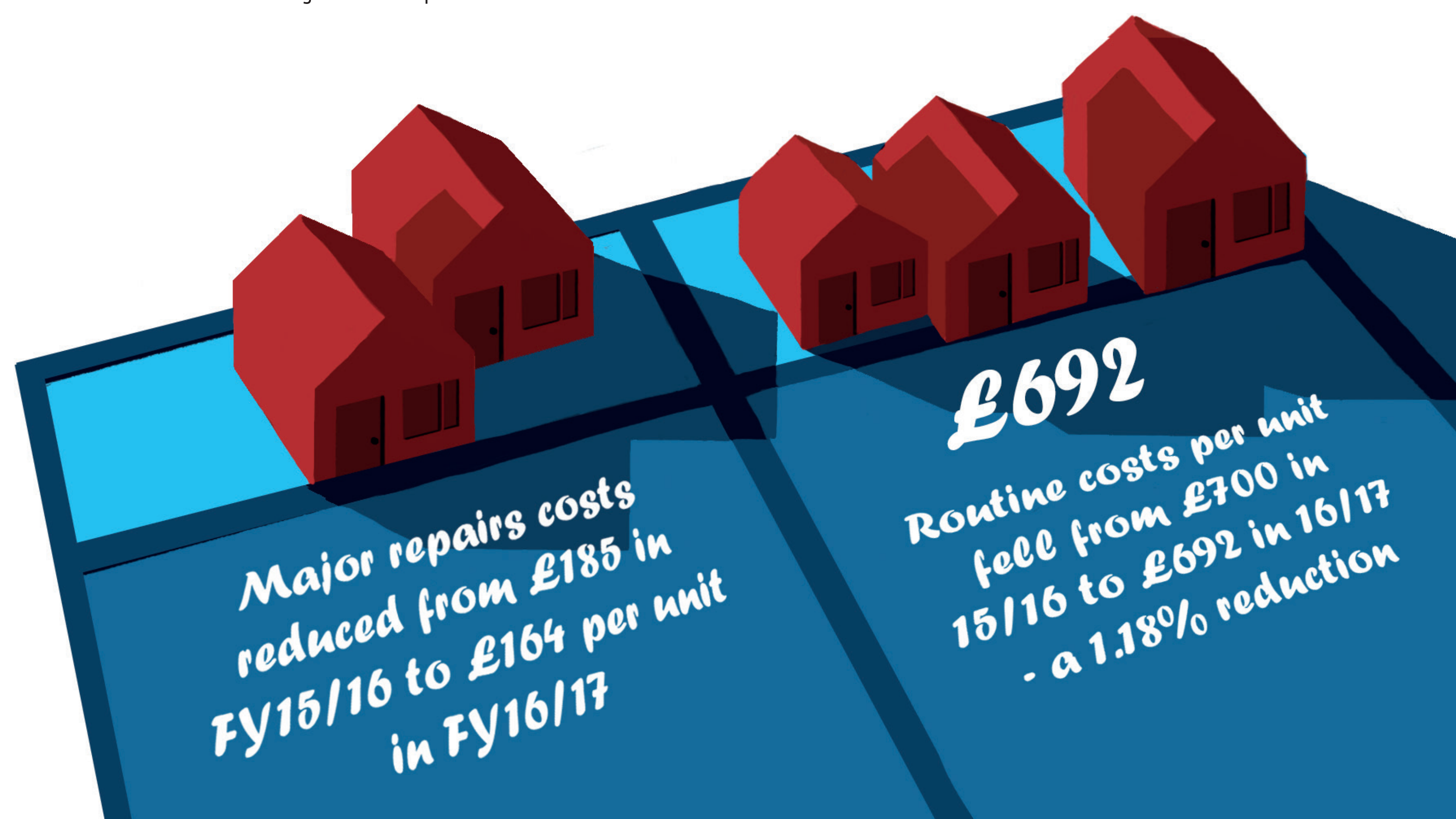
As part of Vantage's Global Accounts Plus offering, it enables RPs to compare their individual performance against all the Top 200 RPs or against a subset more relevant to them.

Vantage say this is useful "not just for demonstrating value for money" but also to support merger and acquisition discussions with boards.

The Top 132 sample size represents just under £17bn total turnover across the sector, and covers a range of key topics including turnover, void losses, lettings and operating costs.

Figures in the report show major repairs costs dropped in the past financial year by 11.4%.

The change in major repairs spend is likely to be attributed to a reduction in the volume of major repairs work carried out by the sector



as a result of the 1% rent reduction, rather than an efficiency saving.

Major repairs could be viewed as an easier target for reduction given the level of discretionary spend in this category.

The report suggests FY17/18 spend levels on planned maintenance costs per unit will rise more sharply to accommodate an increase in fire safety costs – with compliance striking the balance between efficiency and commerciality.

Despite a reduction in routine costs per unit, the findings show there is still room for improvement.

The majority of housing providers are shown as still not managing the big cost drivers such as productivity and demand.

Many are still not getting value for money from their external contractors and their procurement practices.

Notwithstanding the fact RPs do not always classify the different aspects of their maintenance costs on the same basis, 87% of housing providers were above this target figure.

> “The majority of housing providers are shown as still not managing the big cost drivers such as productivity and demand”

Russell Thompson, executive director property services at Thirteen Group, said: “In line with the report, we have already identified cost efficiencies in the business, moving into a proactive approach. Across the organisation, we are continuously looking to achieve better value for money and do more for our tenants, whilst being commercially-minded.

“Our major cost efficiencies have come through better procurement and contract management. We have reduced our use of sub-contractors, re-procured our fleet and outsourced out of hours calls.

“This has led to a 25% reduction in deployment and reduced call-out costs. We have also re-procured all our major works component parts including kitchens and bathrooms. This has reduced the price and also increased the quality for tenants.

“We have introduced a new IT system, streamlining our systems and management of our repairs service.

“All front end services, such as cleaning, caretaking and concierge services are now in one place, giving us increased line of sight and improving efficiencies.

“It has also provided an opportunity to introduce a facilities management approach within Thirteen, enabling a more cohesive and value for money service offering.”