

## **Seymour Street Homes**

### **Value for Money Statement**

#### **Introduction**

Seymour Street Homes Limited (the 'Company') is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies (the 'Group'). The Company registered with the Housing and Communities Agency as a provider of social housing on 4<sup>th</sup> April 2017 and on 20<sup>th</sup> December 2017, the Company was granted a long leasehold for 11 General Needs Social Affordable Rent and Intermediate Rent units on the site. Accordingly, the Company's value for money ('VFM') strategy is to identify and pursue not only savings and efficiencies that accrue from the Company's business but also to look for the synergies between the Company and the Group which can release further value.

#### **Defining Value for Money**

VFM is not just about cutting costs. It can be defined as the relationship between economy, efficiency, effectiveness and quality.

- Economy is the careful use of resources to save expense, time or effort.
- Efficiency is the delivery of the same level of service for less expense, time or effort.
- Effectiveness is the delivery of a better service or return for the same amount of expense, time or effort.

Seymour Street Homes' VFM strategy is about finding the balance between all three – relatively low cost, high productivity and successful outcomes which means that we cannot pursue higher satisfaction whatever the cost, cannot pursue the lowest cost irrespective of the effect on satisfaction and must consider the optimum relationship between cost and satisfaction.

We aim to provide excellent homes and services to residents which offer value for money and are sensitive and responsive to both the needs of residents and the community in which we operate.

#### **Ownership and how we embed VFM in our work**

Our culture is such that the motivation to provide VFM is embedded across the Company from front line service delivery provided by Touchstone (the 'managing agent') through to the Board of Directors. Everyone takes individual responsibility to understand the importance of VFM, the role they play in contributing to VFM and the levers required to make an impact on VFM.

This approach is built into the everyday operations of the Company as follows:

- At each Board meeting the Directors receive board reports from the managing agent and finance team which considers VFM. These help the Board to make informed decisions about day to day operations and longer-term business planning.
- Touchstone are required to demonstrate VFM in the delivery of their services such as the procurement of maintenance contractors, completion of repairs within set KPIs (previously agreed by the Board), satisfaction of the tenants and the Board that service charge provides value for money.

- Regular communication with tenants to support them with their needs, to respond to feedback regarding provision of services and to ensure that they are satisfied with the quality of service provided.

## **Review of our first years of Operation**

During our first years of operation we have undertaken several activities and initiatives to maximise value for money in all that we do.

### Operational excellence – ‘One stop shop’ for all repairs and Property Management Services

To ensure that Seymour Street Homes delivers the best possible services, we conducted a competitive tendering process before appointing Touchstone as our Managing Agent partner. We believe that with Touchstones’ scale, scope and expertise in Property Management, Health and Safety, Tenancy Management, Marketing and Lettings in social housing that we can truly deliver sustainable value to our tenants.

Touchstones’ approach to building and maintaining strong future proof communities and their focus on providing the best levels of customer service to tenants aligns with our own values. By utilising a combination of Property Management expertise from Touchstone and Financial Advisory experience from the BL Group we have managed to keep our overheads to a minimum.

### Service Delivery

We continue to review our materials and services costs through industry benchmarking and competitive tendering ensuring that quality and the safety of our tenants is at the core of every decision we make.

Great examples of this is through careful negotiation we have successfully deferred any price increase in our Cleaning Service Contract and monthly mechanical maintenance testing securing an extension to our existing rates for a third year running.

We have also driven efficiency and economies of scale savings through the consolidation of our reactive repairs service through the appointment of 3 main contractors. The use of three key contractors ensures that work is competitively priced, and quality of delivery is maintained.

### Compliance and Safety Management

In addition to the annual Fire and Risk assessments we have also carried out a level 3 risk assessment. This has enabled us to extend our assessment beyond the communal areas providing better visibility of the entire tenant’s accommodation risk factors.

During the year we also took the decision to appoint an external Health and Safety expert to conduct a ‘Preparedness Audit’ which looked at our procedures for dealing with terrorist and adverse weather conditions.

### Financial and Treasury Management

We do not have a separate treasury management function as the Company receives its development capital contributions and financial management functions from the Group. The Board monitors the financial position of the Company at each Board meeting when they review the management accounts, budget and liquidity forecast. The parent company’s covenant is also monitored to ensure that support will be available should the Company require it.

To ensure that the best possible service is provided to our tenants our 'managing agent' attends the RSL Forum held by Westminster Council Quarterly which provides speedy resolution for difficult Housing Benefit cases or tenant issues relating to tenancy management - arrears. This service ensures that tenants are supported through any difficulties in these areas and reduces the resolution time by up to 10 days.

### Operations

Over the last 12 months 86% of repairs were resolved on a first-time fix basis significantly reducing our average cost to repair and increasing our tenant satisfaction.

Our resident surveys have scored consistently high with an average score of 84% across 4 key areas of quality of accommodation, repairs and maintenance, management services and rent representing VFM.

### Adding social value

Our site at 12 Clarges achieved Level 4 Code for Sustainable Homes. This code aims to reduce carbon emissions and promote higher standards of sustainable design above the current minimum standards set out by the building regulations.

We understand our responsibility to deliver social value and we are delighted that the 11 Social Housing units at the Clarges Development made a significant contribution to adding social value in the following areas.

- 60% of construction spend was invested with London businesses
- Over 100 construction jobs performed by people living locally
- Over 20 apprenticeships created for local people on-site (Westminster, Camden, Hackney, Tower Hamlets and Southwark), including three at degree level.
- Over 50 local people benefited from employability training
- Almost 60 work placements for local jobseekers and students, providing them with valuable experience and developing their employability skills.
- Almost 50 Westminster candidates benefited from adult numeracy and literacy courses for people who speak English as a second language
- 1,330 hours volunteering, including four Community Days supporting charities such as local community centre The Abbey Centre and Pursuing Independent Paths for adults with learning difficulties
- Over 280 local students took part in educational events with our construction team, raising aspirations around careers in the built environment and promoting STEM subjects.
- 160 local people were welcomed on tours of the site, including local residents, schoolchildren and businesses
- 42/50 score on the Considerate Constructors scheme, reflecting respect for the community, care for the environment, focus on safety and more

### New Business

Based on the success of the last 12 months we will continue to look for new opportunities to grow our portfolio of affordable housing providing more flexibility to our existing tenants.

**Value for Money metrics**

	<b><u>2019-20</u></b>	<b><u>2018-19</u></b>
<b>[1] Reinvestment %</b>	<b>0%</b>	<b>0%</b>
<b>[2a] New supply – Social housing units %</b>	<b>0%</b>	<b>0%</b>
<b>[2b] New supply – Non-social housing units %</b>	<b>0%</b>	<b>0%</b>
<b>[3] Gearing %</b>	<b>0%</b>	<b>0%</b>
<b>[4] EBITDA MRI %</b>	<b>N/A</b>	<b>N/A</b>
<b>[5] Headline social housing cost per unit £</b>	<b>9,168</b>	<b>£9,833</b>
<b>[6a] Operating margin – social housing lettings %</b>	<b>20.0%</b>	<b>13.4%</b>
<b>[6b] Operating margin – overall %</b>	<b>20.0%</b>	<b>13.4%</b>
<b>[7] Return on capital employed %</b>	<b>1.1%</b>	<b>0.8%</b>

**13 August 2020**