



Strategic Management

Measuring Performance in Third Sector Housing Associations

Graham Manville

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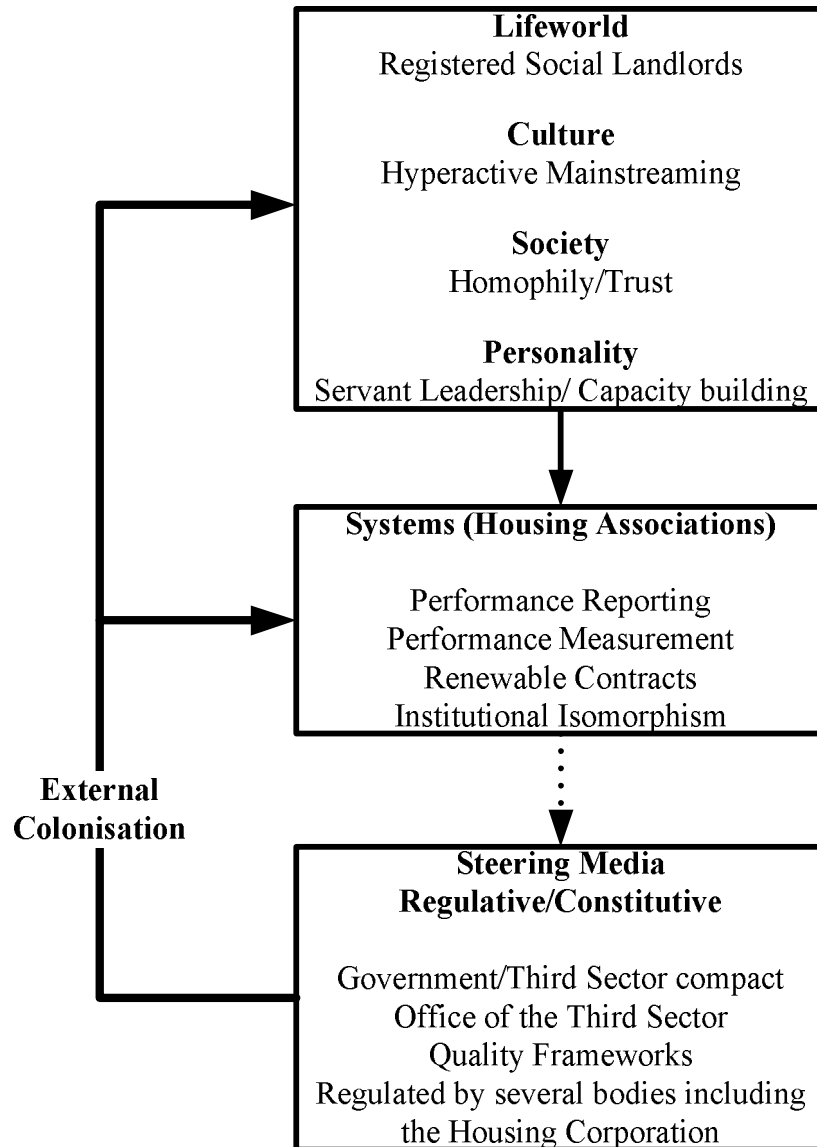
Presentation Outline

- Contextual Background
- The Case Study: Profile of BCHA
- Measurement Frameworks Adopted in Housing Associations
- Managing Growth and Performance
- Leadership Challenges in the Third Sector

Third Sector/ Civil Society Context

- Compact for the sector led to rapid growth of Third Sector
- Global Financial Crisis of 2008 – Resulting in government spending cuts
- “Big Society” Rhetoric – Liberating? Back door privatisation? Woolly Concept? Public Services on the cheap?
- Conservative-led coalition government want a more balanced private/third and public sector civil society

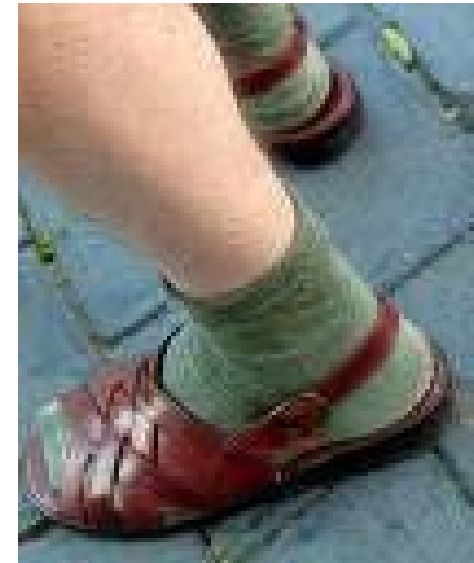
Habermasian Representation of the Lifeworld of Housing Associations Prior to 2008



Adapted from Broadbent et al. (1991)
& Habermas (1984,1987)

External perceptions of the Third Sector

- Very Strong Ethical Stance
- Need to become more business like
- Reliant on volunteers and goodwill as well as a salaried committed workforce





Third Sector at a crossroad

- “A lean third sector must earn its reputation and privileges”

Van Til (2000,p203)

- “Soul of the not for profit sector is up for grabs”

Bainard and

Siplon (2004,p436)

- Consolidation within sector and danger of Mission Drift

Morris (2012)

Leadership & Performance within the Sector

- Less developed than the private and public sectors
- Wide disparity across the sector
- Mimetic behaviour of Private and Public Sector
- Tension – Being Business focused yet maintaining that ethos

Housing Associations & Performance

- **Highly regulated requiring performance reporting to bodies such as HCA and Supporting People**
- **Have formalised plans, appraisals, TQM, Innovation**
- **Employ Performance Measurement Frameworks**

Brief History of BCHA

- Was formed over 40 years ago as a church based charity
- Founding ethos: ‘making a contribution on behalf of all the Churches towards meeting the housing problem’
- Has won numerous awards for its service
- Income grown from £2m to £17m over the last 15 years
- Achieved through a combination of internal growth and Mergers and Acquisition

BCHA's MISSION

- **BCHA's Mission is to help people take control of their own lives.**
- **Wherever people feel vulnerable or don't know where to turn, we**
- **equip them to find a way forward by offering the highest standards**
- **of support for housing, health, learning and work.**

St Swithun's House



St Paul's Nightshelter



Dorset Lodge



Bournemouth Women's Refuge



BCHA's Overarching Objectives



Income Statement Projections

7.5 GROUP INCOME

Our projected income over the lifetime of the Business Plan, together with source, is outlined below:

	2010/11 (actual)	2011/12	2012/13	2013/14	2014/15	2015/16
Social Housing Lettings (inc Rents & Service Charges)	£7.848M	£8.169M	£9.501M	£10.217M	£11.352M	£12.220M
Other Social Housing Income (inc Local Authority Contracts)	£7.218M	£7.066M	£7.651M	£8.130M	£8.302M	£8.550M
Non-social Housing Income (Learning & Social Enterprise revenues)	£1.458M	£1.725M	£2.105M	£2.520M	£2.970M	£3.400M
Donations (gross)	£0.042M	£0.075M	£0.095M	£0.080M	£0.090M	£0.100M
Total Turnover (consolidated)	£16.566M	£17.035M	£19.352M	£20.947M	£22.714M	£24.270M
Surplus (consolidated)	£0.310M	£0.350M	£0.480M	£0.600M	£0.717M	£0.804M
Surplus as % Income	1.9%	2.1%	2.6%	2.9%	3.2%	3.3%

Rental Income: Our Rent Plan shows that all rents on our owned stock have now "restructured" in line with Government requirements as at 1/4/2011. The introduction of the government's new Affordable Rent Model will be required to fund new development from 2012, subject to frameworks set by our Regulator and by local authorities in which we operate.

Balance Sheet Projections

7.6 GROUP BALANCE SHEET

The balance sheet projections reflect the planned property growth with a mixture of private finance and social housing grant. For the purposes of this Plan, we have assumed current assets to be the same from year to year.

	2010/11 (actual)	2011/12	2012/13	2013/14	2014/15	2015/16
Housing Properties at cost	£39.410M	£44.986M	£50.385M	£52.410M	£58.406M	£63.406M
Other Fixed Assets	£2.018M	£1.757M	£1.687M	£1.619M	£1.555M	£1.500M
Depreciation	(£1.099M)	(£1.534M)	(£2.074M)	(£2.699M)	(£3.364M)	(£4.194M)
Net Current Assets	(£0.470M)	(£0.124M)	£0.216M	£0.709M	£1.701M	£2.540M
Total Assets Less Current Liabilities	£39.859M	£45.085M	£50.214M	£52.039M	£58.298M	£63.252M
Financed By:						
Loans	£9.151M	£11.610M	£14.574M	£14.665M	£17.460M	£19.610M
Capital & Reserves	£5.128M	£5.478M	£5.958M	£6.558M	£7.275M	£8.079M
Capital Grants	£25.580M	£27.997M	£29.682M	£30.816M	£33.563M	£35.563M
Total	£39.859M	£45.085M	£50.214M	£52.039M	£58.298M	£63.252M












The Balanced Scorecard

	Reference	Performance Indicator	F	Month Target	Actual Performance	Month Status	YTD Target	Year to Date Actual		YTD Status
Internal Business	IB-001	Average re-let time	M	11 days	17.9 days	✘	11 days	15 days	⇐	✘
	IB-002	% Jobs Completed Right First Time	M	92%	96.8%	✔	92%	97.2%	⇐	✔
	IB-003	Staff Turnover	M	1.67%	1.98%	🟡	5.00%	5.75%	⇐	🟡
	IB-004	% Working days lost to sickness	M	3%	1.8%	✔	3%	2.4%	⇐	✔
Finance	F-001	Rent Collected	M	98%	81.1%	✘	98%	95.7%	⇐	🟡
	F-002	% Rent arrears (Active)	M	4%	5%	✘	4%	5%	⇐	✘
	F-003	% Former Arrears on re-payment plan	M	30%	24.2%	✘	30%	24.2%	⇐	✘
	F-004	% of Former Arrears value recovered against payment plans	M	30%	30.3%	✔	30%	30.3%	⇐	✔
	F-005	Rent written off	M	2.5%	0%	✔	2.5%	0.3%	⇐	✔
	F-006	Void Loss	M	4%	5.5%	✘	4%	5.0%	⇐	✘
	F-007	Achievement of Target Surplus	M	£147,034	£178,396	✔	£120,495	£110,577	⇐	🟡
	F-008	% Income Variance	M	100%	98.5%	🟡	100%	98.8%	⇐	🟡
Innovation & Learning	IL-001	Amount of new business won	M	£83,333	£211,568	✔	£250,000	£228,568	⇐	🟡
Customer Satisfaction	CS-001	% Complaints responded to within timescale	M	98%	91.7%	🟡	98%	90.4%	⇐	🟡
	CS-002	Complaint handling satisfaction	M	75%	-	-	75%	100%	⇐	✔
	CS-003	Service User satisfaction	M	92%	94.4%	✔	92%	96%	⇐	✔
	CS-004	% Service Users satisfied with last maintenance job	M	95%	94.2%	🟡	95%	94.1%	⇐	✔

Service User Scorecard

How we're doing

We constantly aim to provide high levels of service. Here's how we did from April to June 2012.

Performance indicator	Target	Level achieved	Target being met?	Benchmarking: upper quartile performance
How we are performing on repairs				
Repairs carried out on time	95%	99.3%		97%
Jobs completed right first time	92%	97.2%		96.3%
Service users satisfied with repair job	95%	94.1%		N/A
Attendance on time	100%	98.9%		N/A
Quality of service	95%	94.3%		N/A
Quality of work	95%	96.8%		N/A
Gas servicing works completed on time	100%	99.2%		N/A
How we are performing on rent arrears and re-lets				
Average re-let time	11 days	15 days		14.8 days
Rent arrears	4%	5%		3.2%
How satisfied resident and service users are with BCHA				
Number of complaints received	-	72		N/A
Complaints responded to within timescale	98%	90.4%		98.2%
Number of compliments received	-	75		N/A
Service user satisfaction	92%	96%		89.1%
Resident and service users' qualification achievements				
Number of AQA accreditations achieved by residents and service users	-	202		N/A

Key

Target being met  Performance close to target  Target not met: action required 

* Benchmarking data is taken by comparing BCHA with similar sized organisations, the figure represents the top 25% performance across the group being compared.

4. Your benchmarking results

4.1 Value for money (VFM) standard summary

The following VFM summary has been provided to help you understand the relationship (VFM) between cost and performance across the main business activities for which we hold data. Please note that the cost information shown on the left of the table is based on the total cost of each service, including allocated overheads.

Efficiency Summary for Bournemouth Churches Housing Association						
Business Activity	Cost KPI	Cost KPI Quartile		Quality KPI	Quality KPI Quartile	
		Bournemouth Churches HA (2010/2011)	Bournemouth Churches HA (2009/2010)		Bournemouth Churches HA (2010/2011)	Bournemouth Churches HA (2009/2010)
Overheads	Overhead costs as % adjusted turnover			Overhead costs as % direct revenue costs		
Major Works & Cyclical Maintenance	Total CPP of Major Works & Cyclical Maintenance			Percentage of tenants satisfied with overall quality of home (GN)		
				Percentage of dwellings failing to meet the Decent Homes Standard		
Responsive Repairs & Void Works	Total CPP of Responsive Repairs & Void Works			Percentage of tenants satisfied with the repairs and maintenance service (GN)		
				Percentage of all repairs completed on time		
				Average time in days to re-let empty properties		
Housing Management	Total CPP of Housing Management			Percentage of tenants satisfied with overall services provided (GN)		
				Percentage of tenants satisfied that views are being taken into account (GN)		
				Current tenant rent arrears net of unpaid HB as % of rent due		
Development	Staff involved in standard units developed per 100 units			Percentage of residents satisfied with overall quality of new home		
				Standard units developed as % of current stock		
Estate Services	Total CPP of Estate Services			Percentage of tenants satisfied with their neighbourhood as a place to live (GN)		

Quartile Key							
	Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
Valid dataset							
Small dataset							

The traffic light indicators use the convention that high performance and low cost are green (upper quartile). However, it is acknowledged that average or higher than average costs might be perfectly acceptable if they can be justified in terms of performance and/or user satisfaction.

Managing Performance

- Clear Strategy
- Strong governance
- Appraisal
- Investing in training and development
- Promoting a “can do” culture
- Encouraging innovation from staff and service users
- Managing Performance – Tough decisions

Sustainability & Growth

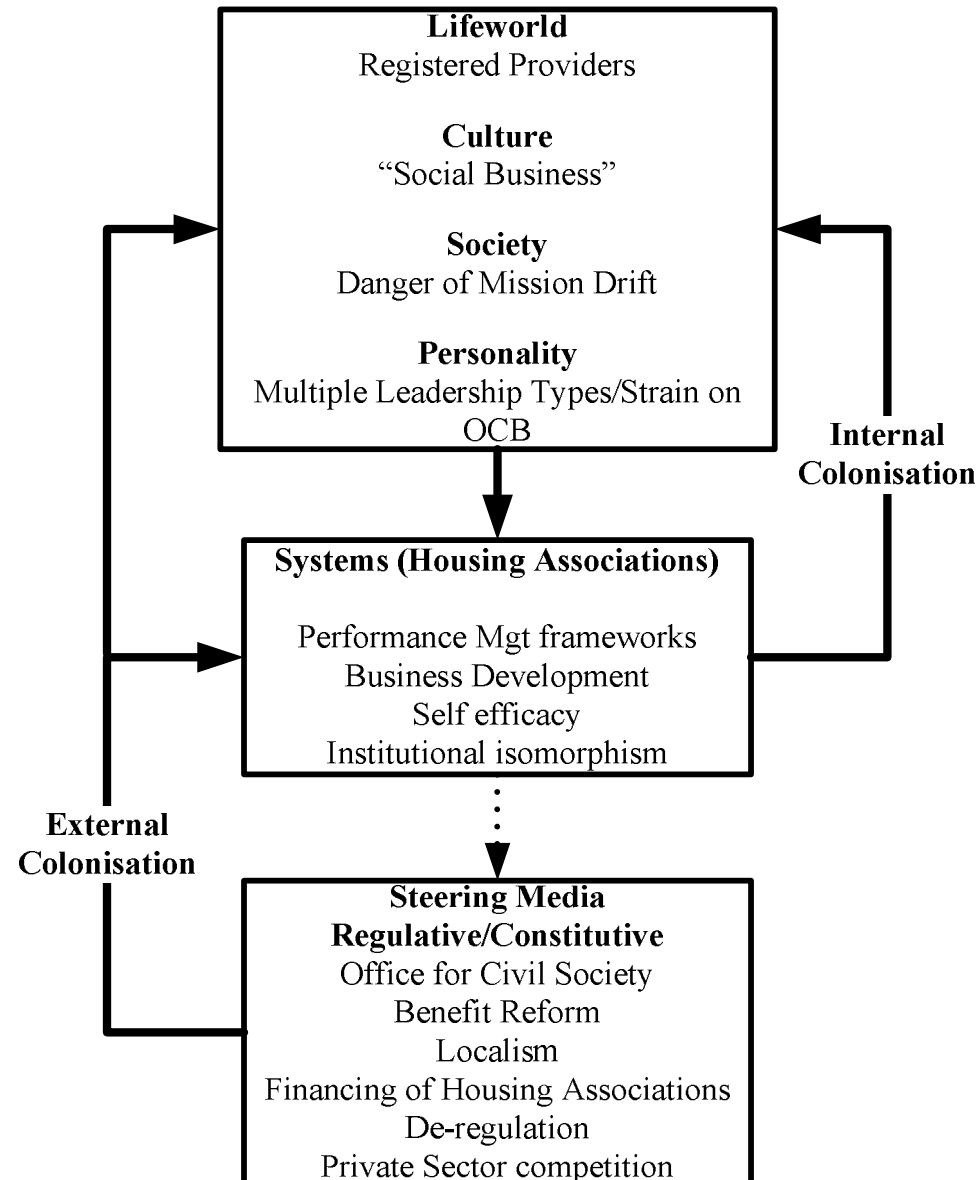
	Existing Services	New Services
Existing Clients	Incremental Development Continuous Improvement Process Automation/ Redesign	Evolutionary Expansion Complementary Services Asset Transfers
New Clients	Expansionary Innovation Geographic Expansion Merger and Acquisition Stock Transfers	Total Innovation Social Enterprise Bidding for new public sector work

Adapted from Osborne (1998)

Big Challenges Ahead

- Banks reluctant to lend and HA turning to bond markets
- Housing Benefit Paid Direct to the Claimant
- The Bedroom tax
- Localism and the post code lottery
- Deregulation means more reliance on leader to plan
- Innovation can turn threats into opportunities
- Tough Choices Ahead – Danger of Mission Drift

Habermasian Representation of the Lifeworld of Housing Associations from 2013



In Summary

- Performance Management is established within HAs
- Deregulation means strategic planning is more important
- Varying forms of leadership are applied
- Third Sector is the new frontier for PM
- The “enterprise” will need to guard against mission drift.
- Its life Jim! But not as we know it.



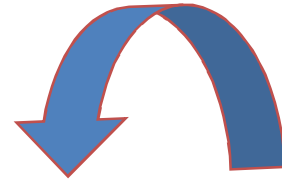


Thank you
and
Any Questions?

g.manville@soton.ac.uk

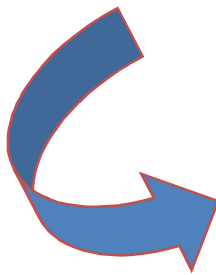


Changes to the Sector



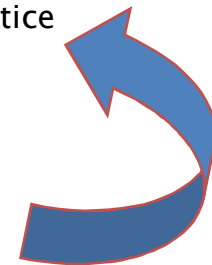
Sectoral Culture

“Managerialism”, duality of purpose, threat of mission drift, balanced public service provision, increased competition, more for less.



Organisations

Values, Sustainability, Efficiency, Effectiveness
Performance Mgt Senior Mgt Commitment, Stakeholders, Volunteer Workforce
Management “Homophily”, communities of practice



Steering Media:

Financial Crisis, A desire for a smaller state, Public Sector cuts, Big Society, Law: Benefit Reform, localism. Power: 90 day break contracts, Private Sector Competitors

Investors in Excellence

Principle	Indicator	Exceeded	Met	Not met
Leadership	1A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Policy & Strategy	2A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People	3A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Investors in Excellence

Partnerships & Resources	4A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Processes	5A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Customer Results	6A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	6B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People Results	7A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	7B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Society Results	8A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Key Performance Results	9A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	9B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Leadership Findings

- Transformational Leadership
 - *“Innovation is tomorrow’s bog standard... I was looking for a car a long time ago, and I couldn’t get air conditioning on a mid range car. Now it’s offered on the tiniest cars. And so that innovation is continuous innovation, is a key to success”* (HA PK)
 - *“we do encourage initiative and creativity, and so that automatically leads, I think, to a more informal and consensual style, otherwise you prevent that little bit of creativity and flair”* (HA MH)

Leadership Findings

- Transactional Leader – Appraisal System
 - *“we’ve made some redundancies over and above those ones that are perhaps driven directly by schemes. Because, like any good organisation, you’ve got to run efficiently and effectively and still keep some focus on that Bottom Line”* (HA MH)
 - *“we’re not carrying any passengers, if you like, because we can’t afford to do that”* (HA LB)