



**Home Group**  
Working Together to Drive Long Term Performance  
Karen Heaney

## Who are Home Group?

- ❑ We are 78 years old with our roots in the NE following the Jarrow marches
- ❑ We house over 120,000 people a year in 55,000 homes in over 200 local authority areas in England, Scotland and Wales
- ❑ We work with almost 30,000 vulnerable people through over 500 supported housing, justice and health services each year.
- ❑ From 2011 -2015 our housing programme will create over 5000 new homes and over 300 new Care and Support services.
- ❑ We are the largest provider of Care and Support services in the UK, and the 10th largest housing provider in the UK.
- ❑ We employ over 4000 people
- ❑ We have an annual turnover of £300 million



## Our Structure

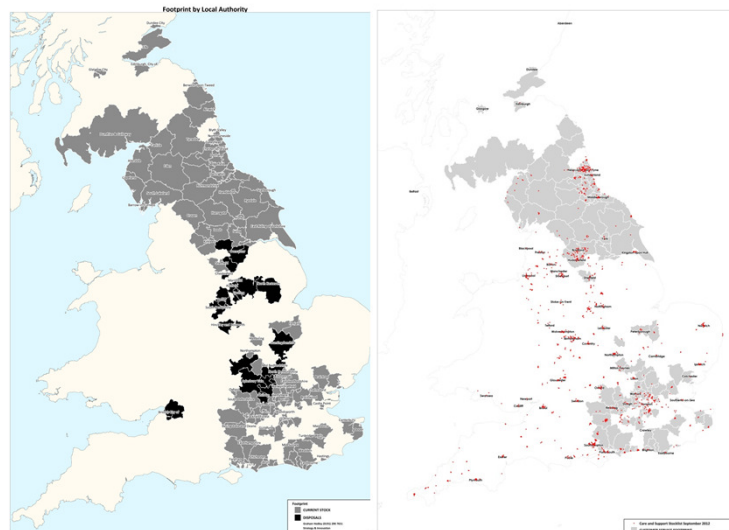
Home Group is the overarching brand for all of our activity which includes:

- ❑ Customer Service delivering responsive and planned maintenance a traditional housing management functions, all supported by a Customer Service Centre opened in 2011
- ❑ Development and regeneration delivering new properties, shared ownership and outright sale
- ❑ Care and Support services delivered through Stonham, part of Home Group
- ❑ Livesmart@home offering mid market rent
- ❑ A wide range of Leasehold services
- ❑ Home Prime offering services to the elderly



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## Our Footprint



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## Our Strategy

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### New Housing with Care Strategy

**Home Group's mission** (why we exist) is "to help our customers and clients to open doors to new opportunities and healthy lives." Home Group's target customers and clients include the most vulnerable or excluded in society.

..... through:

- improving the quality of their housing – through the provision of reliable and fit for purpose housing and housing services;
- improving their access to affordable housing – by increasing the supply of housing through building more homes; and
- providing accommodation-based interventions which support aspects of their mental and physical health or welfare.



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## Where Have We Come from?

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## Where Have We Come From?

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- Focus on growth at all costs
- Subsidiary structure
- Lack of clarity of costs
- Opportunistic development programme
- Inconsistent operating footprint
- Limited focus on customers
- SNI 2010



## What Did We Do?

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- Subsidiaries collapsed in 2006
- New CEO 2008
- Full restructure top to bottom ( recently completed)
- Footprint rationalisation
- Customer Service Centre opened 2011
- Maintenance Review completed 2010 implemented 2012



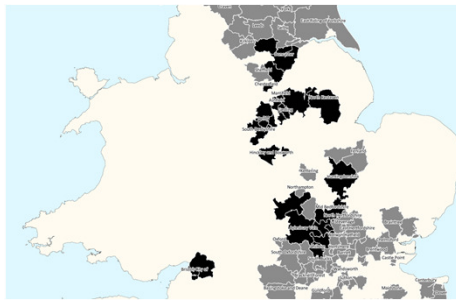
## Where Are We Now?



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## Footprint Disposal

Disposed of 2312 generating surplus of £60.7M  
Development programme requires to be in current footprint



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## Maintenance Review

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- Outsourced national maintenance service to 5 contractors via 6 contracts
- Contracts include responsive, servicing, voids and planned
- Bonus/malus contract
- TUPE transfer of 300 DWF
- Full review of all processes involving CSC
- Generating in excess £5M savings



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## Procurement and Supply Chain

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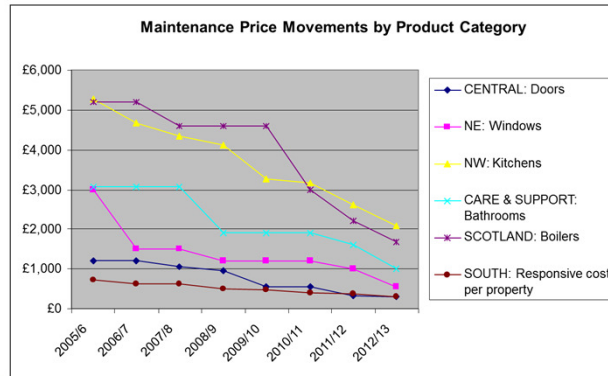
£81M savings achieved since 2005

- Consolidated components
- e-tendering portal introduced
- Regional procurement forums established
- Component rate agreed
- Material rebates
- Maintenance Review commenced
- Purchase2pay



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## Procurement and Supply Chain



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## Asset Management

- Development of Home Investment Standard
- Understand the productivity of our assets
- Map out NPV
- Data, data, data
- 100% stock condition surveys completed by 2015
- Working with treasury, insurance, development and maintenance
- Development handover information
- Consistent design specifications
- Minimum standards for S106
- Impact of Welfare Reform

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## Appraisal Process



- ❑ £20k cap for maintenance major works on voids
- ❑ Referred to Asset Management
- ❑ Consideration of demand and payback

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## Appraisal Process

### 5 St Vincent Street - options appraisal

#### Scenario 1 - Invest in property

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Incremental Costs</b>										
Refurbishment costs										
Revenue	(30,452)									
Capital	(27,240)									
Fees	(9,129)									
Planned Maintenance savings				3,829	4,937				2,522	
Rental income		870	892	915	937	959	980	1,000	1,019	1,038
<b>Incremental Cashflow impact</b>	<b>(62,049)</b>	<b>870</b>	<b>892</b>	<b>4,743</b>	<b>5,874</b>	<b>959</b>	<b>980</b>	<b>1,000</b>	<b>1,019</b>	<b>1,038</b>
Component write-off	(1,884)									
Capital expenditure	(27,240)									
Depreciation		(893)	(893)	(3,829)	(4,937)	(6,442)	(6,442)	(6,442)	(2,522)	(193)
<b>Incremental Income &amp; Expenditure impact</b>	<b>(26,893)</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>224</b>	<b>(5,483)</b>	<b>(5,462)</b>	<b>(5,442)</b>	<b>(1,503)</b>	<b>(95)</b>
Net surplus 30 years	(27,814)									
Net Present Value	(32,923)									

Note

Assume refurbishment costs depreciated over an average of 25 years  
Assume 2.5% inflation rate across period  
Assume 20% probability of letting

#### Scenario 2 - Dispose in current condition

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Incremental Costs</b>										
Sales Proceeds	40,000									
Cost of sales	(4,800)									
Planned Maintenance savings				3,829	4,937				2,522	
<b>Incremental Cashflow impact</b>	<b>35,200</b>			<b>3,829</b>	<b>4,937</b>				<b>2,522</b>	
Net book value written off	(22,959)									
Capital expenditure										
Depreciation		0	0	(3,829)	(4,937)				(2,522)	
<b>Incremental Income &amp; Expenditure impact</b>	<b>12,241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>374</b>	<b>(21)</b>	<b>(21)</b>	<b>0</b>	<b>(40)</b>
Net surplus 30 years	24,961									
Net Present Value	43,492									

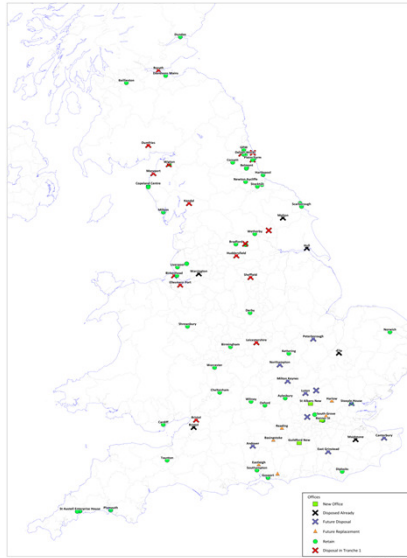
Note

Grant to be recycled  
Assume 2.5% inflation rate across period

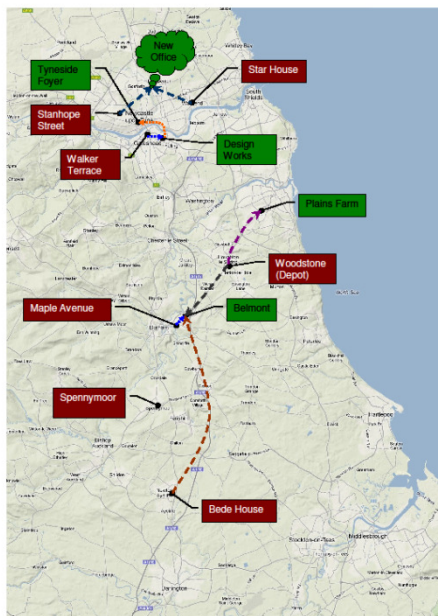
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## Office Rationalisation

- ❑ Office rationale
- ❑ Channel strategy
- ❑ Full lease, condition and dilaps review
- ❑ 40% underoccupancy



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North East regional office plan;

11 offices reduced to 5  
Significant operational savings

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## Development and Design

Mainstream development and design;

Work to align development and retrofit specification

Gateway process to ensure transparency of decision making and ensure linkages

Customer Service involved at appraisal stage

Design panel

Component detail handovers

Joint up process on defects

Architects post occupancy review

The Home Group logo, consisting of the words "home" and "group" stacked vertically in white lowercase letters on a dark red rectangular background.The Home Group logo, consisting of the words "home" and "group" stacked vertically in white lowercase letters on a dark red rectangular background.











## Next Five Year Plan

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## Business Plan – Next 5 Years

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- Completion of HCA and Scottish programme
- Continue to develop in a focused way
- Deliver Home Standard over next 4 Years
- Clear view of asset and component performance
- Prudent view of Our Future Workplace
- Maximise grant opportunities

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Thank you  
Questions and Discussion

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