

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 4th April 2017 and on 20th December 2017, the Company was granted a long leasehold for 11 General Needs Social Affordable Rent and Intermediate Rent units at 12 Clarges Street, London, W1J 8AE. 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 quality 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 ensuring 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.

Operational Performance

We continue to promote a culture of continuous improvement for all operational activities 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. We use appropriate market testing to ensure that we continue to offer best value Managing Agent services 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 can keep our overheads to a minimum.

Service Delivery

Our materials and services costs are reviewed through industry benchmarking and competitive tendering ensuring that quality and the safety of our tenants is at the core of every decision we make.

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We continue to drive efficiency with the use of a new maintenance system for the reporting and management of jobs raised by our customers. Regular meetings are held between our appointed Service Management company and their contractors to discuss performance and pricing. The results of these discussions are shared with the Board.

Compliance and Safety Management

An annual Level 3 Fire and Risk assessment and General Risk Assessment is carried out for the communal areas and a sample of the apartments. This has enabled us to extend our assessment beyond the communal areas providing better visibility of the entire tenant’s accommodation risk factors.

We continue to utilise the services of an external Health and Safety expert to conduct a ‘Preparedness Audit’ which included 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.

Our credit control team are very experienced in dealing with Housing Benefit departments and in supporting our customers through any difficulties with the management of their rent payments. We have a hardship fund to support customers who have experienced crisis, disaster or have been seriously affected by the cost-of-living increase.

Operations

So far for 2024 78.4% of repairs have been resolved on a first-time fix basis, helping to reduce the cost to repair and increasing satisfaction for our tenants. There have been no emergency or urgent items where responses fell outside of the expected response times.

The Tenant Satisfaction Measures Surveys are reviewed and issued annually, all tenant comments are carefully reviewed and considered. The survey findings are shared with and considered by the Board and necessary actions implemented.

We understand our responsibility to deliver social value and we are delighted that the 11 Social Housing homes at the Clarges Development have already made a significant contribution to adding lasting social value to the surrounding area. As our portfolio grows, we will operate using a Place Based approach understanding the most important issues and opportunities in the communities around each of our places and focusing our efforts collaboratively, to make the biggest impact at each place.

New Business

We continue to look for new opportunities to grow our portfolio of affordable housing providing more flexibility to our existing tenants.

Value for Money metrics

	<u>2023-24</u>	<u>2022-23</u>
[1] Reinvestment %	0%	0%
[2a] New supply – Social housing units %	0%	0%
[2b] New supply – Non-social housing units %	0%	0%
[3] Gearing %	0%	0%
[4] EBITDA MRI %	N/A	N/A
[5] Headline social housing cost per unit £	17,867	11,095
[6a] Operating margin – social housing lettings %	-35.2%	10.8%
[6b] Operating margin – overall %	-35.2%	10.8%
[7] Return on capital employed %	-1.7%	0.5%

Over the last 12 months we have seen an increase in our cost base. This can be attributed to inflationary material pricing and the completion of our Heat Installation Unit replacement programme, upgrades to the fire doors and a substantial external clean of the entire building.

September 2024