

## Tenants Leading Change case study – AmicusHorizon

### Key facts

- AmicusHorizon is a large housing association operating in London and the South East that used resident involvement as a key part of its governance reshaping following regulatory difficulties in 2009
- since 2009, residents have contributed significantly to producing over £2million in existing or projected annual costs savings for AmicusHorizon
- the methodology to assess these cost savings is potentially indicative for other large housing associations
- cost savings have been achieved alongside improvements in services (such as better and earlier resolution of complaints; improved contracts, services and contributions to the local community)
- service improvements have been mirrored by increasing satisfaction

Residents have had a significant impact on how AmicusHorizon has developed since 2009. Owning and/or managing just under 28,000 homes, AmicusHorizon has assets of £1.25 billion and an annual turnover of £157m. It is a member of the G15 which represents London's 15 largest housing associations, and has a significant programme to build new homes across London and the South East.

AmicusHorizon's work since 2009 to involve residents shows not just that it is possible for large housing associations to work together with residents to shape a large scale housing business, but that it gives the organisation a competitive edge.

### Background

Back in 2009, AmicusHorizon was an incoherent and inconsistent group of six subsidiary housing associations, loosely structured around a parent Board that struggled to maintain effective control over its subsidiaries. Inter-group squabbles meant there was little interest in or focus on what residents wanted. The group's dysfunctionality resulted in supervision by the Housing Corporation, the regulator at the time, and statutory appointees to AmicusHorizon's Board. This Board and the Senior Management Team decided that ongoing governance and operations should be shaped around resident needs and aspirations.

The structure established in 2009 which has operated since then included:

Groups	Purpose
A Residents' Council with 2 resident nominees from each Area Panel	Holds the Executive and Board to account; approves all customer facing policies and strategies; instructs organisation wide scrutiny projects; works jointly with the Board on corporate strategy and budgets
8 Area Panels for about 3,500 homes each – incl. 8 residents, 4 independents and 1 Board Member <i>Link</i>	Hold AmicusHorizon to account for local service delivery; scrutinise local services; agree and monitor Area Plans; govern some local resources eg. Local Improvement Funds
Kent, Sussex and London Repairs and Maintenance Panels (RAMPs)	Work with relevant staff to oversee delivery of the repairs service – an area where previously there had been particular dissatisfaction
Various dedicated task groups and forums	Various association wide groups, such as the Customer Service and Complaints Group and the Value for Money Group. Area Panels also establish forums to engage, such as forums for young people, older people and open forums

The Residents' Council is described as a "less formal version of the Board". Meeting bi-monthly and serviced by the Governance Team (that also services the Board), it receives many of the same papers that the Board receives and it considers and approves all customer facing policies before they go to the Board. The Residents' Council has its own annual awayday followed by a joint Residents' Council/Board awayday which considers AmicusHorizon's annual budget and operating plan. The Residents' Council Chair and Vice Chair attend AmicusHorizon Board meetings as observers.

The Board has also developed links with Area Panels, through Board *Links* – Board Members who are allocated to each of the Area Panels who support their resident chairs and help them to develop their skills. For the Board Member, this helps them to get a reality check of the performance information they receive on the Board, and generally it has helped to build trust between the Board and residents.

Scrutiny reviews have taken place either through the Residents' Council or through Area Panels, and have included a review of complaints handling, local improvements, use of community spaces and estate halls, responsive maintenance, and resident governance – the last of which firmed up an effective base for the resident governance structure (ie. by clarifying ways of working, terms of reference, a single code of conduct for all involvement activities and many other matters).



Matt Bromley, Chair of the Kent Gateway Area Panel said that "I was sceptical when it was originally proposed to shut down the subsidiaries. But the resident involvement that has come about as a result of us becoming one housing association has been like a comparison between a Robin Reliant and a Rolls Royce. AmicusHorizon really bought into involving residents".

## Financial savings

AmicusHorizon has made financial savings as a result of involvement. Whilst it is not easy to attribute cost savings, the outcomes listed below would not have happened in the same way if residents had not been involved. Financial savings that AmicusHorizon has been able to identify include:

- a) **Complaints handling** – a *Taking the Temperature* report in 2009 showed problems regarding the speed with which complaints were responded to, the number of enquiries that were not being resolved at the first point of contact and were escalating to become formal complaints, the number of complaints made and satisfaction with complaints handling. Both the Residents' Council and the Board wanted steps taken to deal with this and a Complaints Working Group consisting of four residents and a lead officer was "locked away for two days" to revise the policy, procedure and accompanying letters. Its aim was to tackle what was perceived to have been an officer driven approach to complaints and to end up with



a fair and consistent policy and procedure which was approved by the Residents' Council and Board towards the end of 2009.

The review resulted in the number of complaints made to AmicusHorizon dropped from 2009/10 to 2013/14. The cost savings made are based on each formal complaint requiring 7 hours of officer time at £17.28 per hour:

<b>Formal complaints</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
a Actual formal complaints received	1186	549	265	217	216
b Resolution costs	£143,459	£66,407	£32,054	£26,248	£26,127
c Costs if 1186 complaints had been made	£143,459	£143,459	£143,459	£143,459	£143,459
<b>Monetary saving Difference (b) &amp; (c)</b>		<b>£77,052</b>	<b>£111,405</b>	<b>£117,211</b>	<b>£117,332</b>

b) **First point of contact** – following consultation with residents through panels and through surveys, AmicusHorizon launched a customer experience strategy in 2011. Residents identified in the consultation a need for improvement in call handling with regards getting queries resolved by the person who first picked up the phone. Repeatedly being transferred between staff and inconsistent calling back were particularly considered drivers for dissatisfaction. AmicusHorizon responded by introducing a Customer Relationship Management software system, creating a knowledge base for staff, and by carrying out staff training. As a consequence, since then more queries and concerns have been dealt with on the first point of contact and fewer issues that require additional calls. This equates to financial savings as follows:

<b>First time call handling</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
a Total calls	108,144	181,362	174,847	164,512
b Actual calls dealt with first time	82,879	160,722	158,062	149,476
c Percentage first time	76.64%	88.62%	90.40%	90.86%
d If first time calls had remained at 76.64%	82,879	138,996	134,003	126,082
e Difference between (b) & (d)	0	21,726	24,059	23,394
<b>Monetary saving (e) x £16.34 x ½ hour</b>		<b>£177,503</b>	<b>£196,564</b>	<b>£191,129</b>

This table sets out, on the assumption that second calls would have used half an hour of officer time at £16.34 per hour, that had the number of

enquiries requiring a second call remained at 23.36%, this would have cost an additional £191,129 (in 2013/14).

c) **Gas safety and boiler replacement contracts** – residents sitting on AmicusHorizon's Gas Contract Project Teams participated in amalgamating boiler maintenance and replacement into a single contract for which they helped to design the specification and requirements. This contract was procured through a South East Consortium that brings together social housing organisations to enable efficiency savings. AmicusHorizon residents helped shape tender criteria and questions and participated in SEC's evaluating panel. Residents particularly added questions about customer satisfaction and contractor contributions to the local community, but they also participated in discussions about reducing the numbers of contractors used and in the amalgamation of the contracts.

Per annum contract savings	Kent	Sussex	London	Total savings
Servicing	143,914	171,648	Individual totals not known	
Communal	+20,885	6,640		
Installations	84,222	305,426		
<b>Total savings</b>	<b>207,251</b>	<b>483,714</b>	<b>384,413</b>	<b>1,075,378</b>

As well as these savings, the "Contractor Give Back Scheme" is realising over **£100,000** a year of cash or non-cashable support to community initiatives, training or development programmes. This particularly resulted from resident input into the procurement process.

d) **Kitchen and bathroom replacement contracts** – AmicusHorizon's Repairs and Maintenance Panels were influential in shaping the procurement process for kitchen and bathroom replacement contracts. Their priorities included minimising inconvenience to residents, ensuring tidiness in contractor work, collecting a minimum of five references from other companies currently or previously procuring services from the suppliers under consideration, and value for money. Three AmicusHorizon residents were party to evaluating questions in the procurement process.

Value for money was particularly achieved through partnering again through the South East Consortium with two local councils, but cost savings



were balanced with minimising residents' service concerns, resulting in agreed evaluation criteria of 70% quality and 30% price. It was also agreed to cap maximum points to those offering a 5% reduction from known contract costs (because AmicusHorizon did not want cheap and potentially unachievable prices that would not deliver quality). This approach has delivered a reduction from the previous contract of £350,000 over five years, an annual saving of **£70,000**.

Subsequently, RAMP members expressed strong concern that AmicusHorizon was receiving a poorer service where main contractors were subbing all their work. The Sussex RAMP was particularly vocal and challenged AmicusHorizon staff to take on a greater role. As a result of this, following discussions that progressed through the RAMPs, to the Home Task Group, to the Residents' Council and then to the Board, it was decided that AmicusHorizon needed to have greater control by directly managing the installation contractor, do resident liaison itself rather than through the contractor and save money by removing a layer of administration.

As well as delivering service benefits, it is anticipated that this will result in annual savings from April 2015 in the Sussex region as follows (AmicusHorizon has not yet analysed potential savings in other regions):

	<b>Current</b>	<b>2015 model</b>	<b>Difference</b>
Contractor costs	£2,959,659	£2,293,362	-£666,297
AmicusHorizon costs	£93,836	£364,960	+£271,124
<b>Annual cost savings</b>	<b>£3,053,495</b>	<b>£2,658,322</b>	<b>£395,173</b>

e) **Grounds maintenance contracts in Sussex** – the Sussex Repairs and Maintenance Panel had raised concerns that, whilst AmicusHorizon's grounds maintenance standards were high, there were not similar high standards on grounds maintained by the local councils in the areas concerned. These areas were intertwined with AmicusHorizon areas due to previous local authority stock transfers, but caused concern for local AmicusHorizon residents who would have been unaware who was responsible for them.

In 2011, residents from the panel worked with AmicusHorizon's Procurement Team to develop a partnership between AmicusHorizon, Hastings Borough Council and Rother District Council to design, procure and evaluate a grounds maintenance tender for all three organisations. Resident priorities were both to deliver cost savings as well as ensuring a joined up grounds maintenance service. A team comprising representatives from the three organisations, including two AmicusHorizon residents, evaluated nine tenders, and the AmicusHorizon residents played a strong role throughout the day to ensure submissions were scored against scoring criteria.

The outcome of the process was a £5 million saving on the contract to the successful tenderer over a ten year period for the three organisations and an average annual saving to AmicusHorizon of **£100,000** per annum.

f) **Reduction in communications costs** - reviews, participated in by residents, resulted in residents expressing concern about costs relating to communications. In particular, the following savings were realised as a result of the reviews, with both items agreed by the Residents' Council:

- Reducing from quarterly to bi-annual rent statements – reduction of annual costs by **£24,000**. Residents can still request a rent statement at any time and can access statements on AmicusHorizon's website
- Reducing newsletters from quarterly to four monthly – reduction of annual costs by **£20,000**. This reduction having been discussed at Area Panels, the Communications Group and Residents' Council, 95% of 688 surveyed residents agreed with various cost saving approaches. Residents have also suggested further savings by enabling them to access the newsletter online.

Areas of resident influence	Total annual savings
Formal complaints reduction	117,332
Reduction in second calls	191,129
Gas contracts	1,075,378
Boiler Contractor Give Back Scheme	100,000
Kitchen & bathroom contracts	70,000
Kitchen & bathroom contracts (from 2015)	395,173
Grounds maintenance	100,000
Rent statements	24,000
Newsletters	20,000
<b>Totals</b>	<b>£2,093,012</b>

NB. annual savings are based on costs in 2013/2014 except where projected in advance.

These savings are indicative. In some cases, the figures also do not include cost savings for all three of AmicusHorizon's regions. It is also not the case that cost savings can be attributed solely to involvement activity because they came about because residents worked alongside staff to realise them. However, in some cases, residents highlighted key value for money areas that needed to be addressed, and in others, they participated in teams that chose value for money outcomes. It is difficult to separate their particular contributions, and clearly residents would have highlighted other issues than just what they wanted to achieve regarding value for money.

We asked AmicusHorizon staff what would have happened if residents had not participated and we were told that "potentially we would have selected

contractors who would have delivered lesser value for money, who wouldn't have met resident requirements and who wouldn't have offered benefits to local communities. Residents were part of teams determining specifications, questions and evaluating tenders. They were vocal, and each element of existing specifications was reviewed with them".

### Service benefits

It might have been the case that the cost savings set out above might have been achieved at the expense of quality of service, but resident involvement has played a significant role in ensuring this has not been the case. Resident involvement has largely been about ensuring that quality remains the same or improves and that the service becomes more focused on issues of concern to residents.



For example, the Complaints Task Group has constantly tweaked complaints handling since 2009 to ensure quality and value for money of the service. Residents were arguing that queries should be resolved quickly and efficiently to prevent them escalating so better value for money could be achieved.

The table below shows AmicusHorizon's transition from formal to informal complaints handling.

Complaints received by type and year	Formal complaints	Informal complaints	Totals
2009/10	1186	13	1199
2010/11	549	709	1258
2011/12	265	1403	1668
2012/13	217	1562	1779
2013/14	216	1614	1830
<b>Totals</b>	<b>2560</b>	<b>5302</b>	<b>7862</b>

Following changes introduced from 2009 onwards, AmicusHorizon fully analyses complaints received (monthly through its Operational Performance Team, every six weeks by the Complaints Task Group, and quarterly by the Chief Executive) and information from complaints received informs service improvement. Whilst there have been some tweaks to what is considered to

be a complaint, "these would have made a minimum contribution to reducing complaints. The real reason for the reductions is having a central complaints team administering via our Customer Relationship Management (CRM) system so nothing gets lost and every reply is quality checked". Alongside this, AmicusHorizon has devoted resources to staff training and development to ensure that the Residents' Council's concerns about complaints handling were dealt with properly.

Similarly, whilst residents wanted value for money consideration of kitchen and bathroom contracts, they were also keen to see many previously identified service problems resolved. For example, they prescribed a replacements procedure and also insisted contractors offer:

- a detailed programme of works – specifying times and dates, and clarifying resident and contractor responsibilities
- daily communications with residents
- names of operatives who will carry out works
- a single point of contact
- clear intentions to "Give something back" to the local community
- consideration of the size of baths installed as part of upgrades
- instruction to residents for appliances they may not know how to use

Similarly, Residents' Council notes on the grounds maintenance contract lead with the statement that "grounds maintenance is a highly visible area of work. It is essential we get this right" and this led to a year long consultation programme with residents on grounds maintenance and cleaning contracts to identify issues of importance to residents.

### Tenant satisfaction

AmicusHorizon's journey has also been marked by increasing satisfaction statistics. These have been gathered in accordance with industry standard methods. A general satisfaction survey was carried out with 3,750 residents during 2013/14 (3,714 of whom gave a valid response), representing roughly 16% of the resident population. The sampling error was 1.47%, just within AmicusHorizon's 1.55% target.

Survey	Population	Completed	Response rate	Error target	Sampling error
General satisfaction	22,733	3714	16%	1.55%	1.47%

Residents were selected from across AmicusHorizon's resident population using a random sample stratified to ensure proportionate representation across its three geographical regions (Kent, London & Surrey, and Sussex). Residents were contacted over the phone by the Survey Team. The sample is

checked retrospectively each year to make sure it reflects the diversity characteristics of the resident population.

Satisfaction trends (carried out using the same methodology) are as follows:

Response	Year of Survey			
	2010/11	2011/12	2012/13	2013/14
<b>Satisfied</b>	<b>87.37%</b>	<b>93.05%</b>	<b>95.34%</b>	<b>96.90%</b>
Very Satisfied	46.58%	55.18%	61.36%	65.89%
Fairly Satisfied	40.79%	37.88%	33.98%	31.02%
<b>Neither</b>	<b>2.52%</b>	<b>0.47%</b>	<b>0.47%</b>	<b>0.19%</b>
<b>Dissatisfied</b>	<b>10.11%</b>	<b>6.47%</b>	<b>4.19%</b>	<b>2.91%</b>
Fairly Dissatisfied	6.43%	4.56%	3.31%	2.34%
Very Dissatisfied	3.68%	1.91%	0.88%	0.57%

These figures show a year on year trend towards satisfaction, increasing numbers very satisfied, and fewer both fairly and very dissatisfied.

**Amicus Horizon resident satisfaction by year**



Improvements in satisfaction have come about through a range of reasons. As well as AmicusHorizon's resident governance and general resident involvement work, they also identify the following as contributory factors (although each of these would have been discussed and debated with the Residents' Council and residents would have contributed to them):

- building a One Team spirit between board, staff and residents

- significant investment in training and culture change to improve customer service, written communications, staff confidence and ability to overcome self-limiting beliefs
- settling down after rationalisation of AmicusHorizon's structure in 2009
- setting a clear and unambiguous goal to be the best performing large landlord in the UK by March 2016. The five performance measures to determine this, set in conjunction with residents, include overall satisfaction.
- a heavy emphasis on performance through target setting, benchmarking and staff bonuses linked to achieving corporate goals (one of which is resident satisfaction)
- looking outside the sector to emulate best practice – staff have helped identify companies they perceive to be great and the actions they can take to match them
- use of customer insight to tailor services to different customer groups

## Conclusions

AmicusHorizon has set ambitious targets to reduce costs by 2016. Chief Executive Paul Hackett commented that “we need to know what our customers think regarding which costs can be taken out. We need to have constant dialogue with them to know what they value”.

Residents' Council member Linda Scamp said “if there was no dialogue with residents, AmicusHorizon would not build trust with us. It's about AmicusHorizon having a grown up conversation with residents and we have responded by being interested in the needs of the business as well as the needs of residents. Until residents understand what things cost, they will only be interested in the things that directly affect them”.

Area Panel member Matt Bromley added that “AmicusHorizon is right to use the brilliant skills of residents. It makes us feel really valued – and it empowers us to do other things. Involving residents is a very powerful tool”.

Paul Hackett concluded “it's a cultural thing. Staff are reminded every day that we are here for the residents. It's there all the time. Because they see the hard work residents put in, this inspires them to go the extra mile for the residents – and it produces a virtuous cycle of added value. Throughout the organisation, everyone is polite and friendly and residents and staff support each other. Everyone now knows how vital resident involvement has been to the big changes and ambitions we have for AmicusHorizon”.