

Service charges, software and social value

A case study in software procurement



Reinventing service charges at Thirteen Group



ABOUT THIRTEEN GROUP

At Thirteen, we're all about providing homes, support and opportunities to grow.

We exist for our customers. That's why our ultimate commitment is to being a great housing association and landlord, as well as building new properties for outright sale (including affordable options to help people get a foot onto the housing ladder).

We now have over 35,000 properties under management, 70,000 customers, and plans to invest more than £1 billion in the next five years. Thirteen Group has grown to become one of the largest housing associations in the North East of England.

But providing homes is only part of the Thirteen story. We want to help people live independently and be the best they can be, creating resilient communities that know how to help themselves.

SERVICE CHARGES:

ROOM FOR IMPROVEMENT

However, when this case study began, there was one area in which we needed to improve our offering: how we managed service charging.

Some 10,000 of our customers pay service charges, but our existing systems struggled to manage the sheer complexity of the task.

As a result, service charging had become a manual process, performed using spreadsheets, which was very time consuming and a significant barrier to future growth.

AT A GLANCE: THIRTEEN GROUP

- Headquartered in Middlesbrough, Teesside
- Properties across the North East, Yorkshire and Humber
- We own or manage over 35,000 homes
- Over £1 billion of assets
- Homes England Strategic Partner (Wave One and Two)
- 72,000 customers
- 1,500 staff
- 10,000 residents paying service charges



Investors In People Gold Award, 2022



**Winner, Landlord of the Year,
Northern Housing Awards 2022**

**Winner, Best Digital Transformation,
Northern Housing Awards 2022**



The hunt for a service charge solution

In 2019 our Head of Finance (Income), Rob Thompson, attended a seminar at the NHF Housing Finance Conference. The subject was the handling of service charges.

Craig Robinson, Head of Finance at Peabody, was describing how he had used BlueBox software from Trace Solutions to manage service charges, and provide tenants with detailed statements and explanatory booklets.

Trace Solutions is a private sector developer of enterprise-level property management software. As many of the larger managing agents are their clients,

their systems have to ensure service charges are managed accurately.

But whether or not Trace software provides best of breed service charge solutions to the private sector, those of us in social housing still have to go through a formal tender process with all due diligence.

It was therefore vital that we checked all potential alternatives on the market. These included the service charge modules for our existing housing management software, new housing systems with some service charge functionality, and other



solutions that could be integrated with our existing system.

We also undertook site visits to other housing associations, including those already using Trace's BlueBox software.

Armed with comprehensive market information, we were able to set out clear objectives for what we wanted to achieve, ready to put the job out to tender.

That tender was designed to select a supplier offering the functionality we wanted, at the best possible price - but one that also provided the best *social* value for money.

OUR OBJECTIVES

- Ensure customers get value for money through an accurately charging full recovery model
- Full understanding of all our costs
- Full transparency for our customers
- Automation of all customer and supplier service charge transactions
- Easy integration with external print services
- Comprehensive management reporting
- Ability to scale without additional staffing costs
- Ability to respond instantly to customer queries
- Great customer experience
- Social value considerations

A woman with dark hair, wearing a grey hoodie, is smiling and pushing a young child on a swing. The child has curly hair and is wearing a white fuzzy jacket and blue shoes, also smiling. The swing is made of grey plastic and metal chains. The background is a lush green park with trees and a stone wall.

**Is there social value
in software?**

Ever since the Social Value Act of 2012¹, obtaining *'the best social value for money'* has become a binding requirement in all public services procurement.

It is a major consideration for all social housing organisations, too, including Thirteen Group.

In 2020 the Government defined the term more clearly with the *Social Value Model*². This is a mandatory framework against which the social value of any tender must now be measured.

How could we apply the model to a software procurement project?

AT A GLANCE: THE SOCIAL VALUE MODEL

The model outlines five themes in which a contract or a contractor may provide social value. These should be in addition to the deliverables of the contract.

THEMES	DESIRED POLICY OUTCOMES
Covid-19 recovery	<ul style="list-style-type: none"> ■ Help local communities to manage and recover from the impact of COVID-19
Tackling economic inequality	<ul style="list-style-type: none"> ■ Create new businesses, new jobs and new skills ■ Increase supply chain resilience and capacity
Fighting climate change	<ul style="list-style-type: none"> ■ Effective stewardship of the environment
Equal opportunity	<ul style="list-style-type: none"> ■ Reduce the disability employment gap ■ Tackle workforce inequality
Wellbeing	<ul style="list-style-type: none"> ■ Improve health and wellbeing ■ Improve community cohesion

¹ Public Services (Social Value) Act 2012

² Government Commercial Function: The Social Value Model 1.1 December 2020



**A successful social partnership:
working with Trace Solutions**

Ultimately, the successful candidate in the tender process was Trace Solutions.

The company's product provided all of our functional deliverables - naturally enough, since it was seeing the software in action that had prompted us to engage in the first place.

And Trace had a successful track record in working and integrating with other housing associations.

In social value terms, too, it met the Social Value Model's Award Criteria 3.3 (from Theme 2): modernising delivery and increasing productivity. It provided us with a scalable and future-proof solution that would achieve those goals.

But there were other social value considerations when considering Trace Solutions itself.

AT A GLANCE: TRACE SOLUTIONS

- Founded 1974
- Develops and distributes enterprise-class property management software
- Employee-owned, with 60 employees
- Part of the Trace Group of companies, with annual turnover of £22m
- A tech partner and fundraiser for the property industry's LandAid homelessness charity
- Controls the Trace Charitable Trust, a £750k fund which distributes grants to worthy small projects
- c. 300 private sector clients including the major managing agents

ABOUT TRACE SOLUTIONS

The Trace Group, of which Trace Solutions is a part, has social values embedded at its core. Founded in 1974, the Group spent some 15 years as a PLC - until, in 2007, founder Richard Wolfe used his own shareholding to finance the transfer of the organisation to its employees.

Employee ownership has subsequently protected the company from speculators, and kept the company focused on British needs.

Trace is also a significant contributor to charity, most of it in the homelessness sector.

- A major investor in HOME REIT which has invested over £280m in not-for-profit housing partners, specifically to alleviate homelessness
- Housing Association clients include Peabody, One Housing and Together Housing
- Headquartered in the PropTech hub around Old Street/Clerkenwell, close to the City of London
- Donated 10% of the contract value to Thirteen for charitable use

Current progress – and future plans

Some 80% of our service charge process is now fully automated, and we plan to add the final, more complex accounts by summer 2022.

Integrated with our Orchard housing system, Trace's Bluebox software has brought accuracy and transparency to a previously opaque area of our business.

The system has now also been integrated with external print services, to supply each customer with a personalised

explanation of how their service charge has been calculated and what items they are paying for. Those customers have responded positively to the additional information.

Within our own management team, the sophistication and comprehensiveness of the available reporting has been described as '*mind blowing*'. We can now see where all our costs come from, which in turn allows us to take positive steps to control or refine expenditure.



Best of all, the solution is completely scalable. We can now grow as much as we like, without the need for extra staff.

WHAT ELSE CAN BLUEBOX DO?

Trace's software offers additional built-in functionality which we are keen to exploit.

For example, it can automate and manage the Section 20 process, rent processing, and rental uplifts.

Our plan is to get other departments

within Thirteen Group engaged and enthused with the project, so that they too can see the potential that BlueBox offers.

We'll leave the last word to Thirteen Group's Rob Thompson, who initiated the entire project.

"What we've got now is a system that our staff absolutely love. That's the key. If people enjoy using the system and think you've given them the tools to do their job, they'll come on the journey with you."



Thanks to Rob Thompson and Emma Parker of Thirteen Group for their help in assembling this case study.

If you'd like further information about any of these topics, you can email Rob.Thompson@thirteengroup.co.uk or hello@tracesolutions.co.uk.

