



GLEBE HOUSING ASSOCIATION
VALUE FOR MONEY
SELF ASSESSMENT STATEMENT 2016/17

REGISTERED OFFICE: BENCURTIS PARK

REGISTERED WITH THE HOMES AND COMMUNITIES AGENCY
- NO. 19874R

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THE REGULATORY FRAMEWORK

The Homes and Communities Agency (HCA) regulate the work of housing associations. Housing Associations are required to carry out a value for money self-assessment each year, which reflects how the Association is performing against the Value for Money Standard, which is set out in the HCA's Regulatory Framework for Social Housing in England from April 2012. This sets out the framework and context for registered providers in respect of value for money (VFM).

The Financial Statements (annual audited accounts) are now required to contain a statement in the Report of the Board on VFM, which is subject to scrutiny by the external auditors.

Registered providers are required to meet the relevant standards set by the HCA. We have set out below how Glebe Housing Association (GHA) is approaching Value for Money, and how we are performing. We have continued to achieve some good results over the past year and will be working to further improve our performance during 2017/18.

A summary of our approach to VFM is also contained in our annual report and accounts for 2016/17.

GHA'S MISSION

As a social landlord, we want to provide quality homes with quality services and support to our residents and leaseholders. Our aim is to provide safe, comfortable and secure accommodation enabling people to live independently but within a supportive community. We believe that by giving older people the freedom to live life as they choose increases their independence, dignity and enjoyment of life.

VALUE FOR MONEY AT GHA

Value for money is not about the cheapest way of doing things; it is about procuring good, efficient services, which provide the desired outcomes for the best price. One of Glebe Housing Association's main objectives is "to provide a responsive, caring, high quality service to all our tenants and customers" and the objectives of this strategy flow from this. These are to:

- Deliver a cost-effective housing management service that gives high levels of resident satisfaction
- Maintain all homes economically and efficiently
- Develop business processes with our residents and leaseholders and service users to improve efficiency whilst also improving our customer focus
- Achieve year on year efficiencies
- Benchmark against our peers
- Work with all our partners to provide best value, quality solutions and continuous improvement across all services
- Maximise choice and value for money for all residents and leaseholders

As a small housing organisation, getting value for money is very important to us and we have this in the forefront of our minds in all the spending decisions that we make.

Executive summary

Our 2016-2020 business plan drives our approach to value for money. Efficiency through procurement has been a focus since early 2017 to assist us in our Value For Money approach. We reviewed contracts to ensure not just economic value but quality in our contract services. Our procurement review has seen us commence work with consortium framework agreements so that we might achieve savings against more traditional tender arrangements.

Our business plan objectives and expected outcomes drive our operational plans. The process ensures that our resources and assets are optimised to deliver our purpose. We review our return on our assets not just in financial terms but also on social return and social value. This means in business areas such as our restaurant we review and account our financial loss in this business unit against the key social value this service offers in meeting the needs of our more vulnerable, less able and socially isolated residents.

In 2017-18 we shall look more closely at how we measure social impact in our plan in the areas of wellbeing, health and resident involvement. We shall concentrate on service improvement and efficiencies in our maintenance and asset management.

We review our performance against the business plan on a quarterly basis so that we can effectively manage our expenditure, identify trends and take any necessary corrective action.

Our most significant planned expenditure this year was to be the mechanical and electrical works to Sarjeant and Willis Court. Upon review of the project we identified significant potential cost control issues. We also identified a significant negative impact on the living arrangements and wellbeing of our residents. As a result, we revised the project to ensure cost control but more importantly revised the project to mitigate any unnecessary disruption and negative impact on the living arrangements for our residents.

Expenditure on routine maintenance reduced in 2017. Overall maintenance costs were down due to some programmed work being deferred to 2017-18. 356 maintenance feedback forms were received with 99% showing residents were satisfied with the service received.

OUR PERFORMANCE 2016/17

COSTS

INDICATOR	2015/16	2016/17
Operating cost per unit	98.03	120
Operating cost as %age of turnover	106	64.96
Ave weekly management cost per dwelling	20.09	32
Cost per property p.a. – Repairs £	1373	1251
Cost per property p.a. Major works £	1465	963

PERFORMANCE

The direction of travel in terms of our KPIs is positive and improvements have been made in all areas

INDICATOR	2015/16	2016/17
Relet time	13	3
Current tenant arrears	0.9	0.5
Rent collection as a percentage of the annual rent roll	99.95	99.91
Void loss	1.15	1.01

ASSET MANAGEMENT AND PROCUREMENT

The Association wants to provide a very high standard of accommodation to the tenants who live in its homes, and has just approved a new Asset Management Strategy to meet the specific challenges of an Association with a small but varied mixed portfolio of properties under its management. It recognises that it needs a strategic approach to Asset Management, particularly with its planned expenditure on its properties over the next 30 years. The Strategy has been prepared mindful of the constraints of its size and resources on one hand, but also the need to demonstrate that the Association has considered all aspects of Asset Management relative to it. This will now enable the Association to understand and plan more effectively its forward works programmes and achieve greater value for money. As part of this commitment to ensuring value for money for its tenant and, in addition to a new Asset Management Strategy, the Association has also approved a new Procurement Strategy.

The Procurement Strategy has been developed to ensure that the Association delivers high quality services at the best possible price, recognising that quality is essential for its tenants through effective procurement projects, contract management and constructive supplier and contractor partnerships. It is essential that in the current economic climate the Association ensures its resources are spent wisely through a variety of mechanisms including direct provision, partnering arrangements, mixed economies, joint commissioning and outsourcing.

BENCHMARKING

Comparing with others – costs and performance over time

Using key performance indicators and individual targets the Association measures its performance to ensure appropriate action can be taken to maintain efficiency and effectiveness in line with the efficiency agenda.

Benchmarking is a useful tool in determining issues for review and in identifying potential areas of high costs. We are part of the smaller housing associations' benchmarking group through SPBM Acuity. This allows us to benchmark our performance within our sectoral group of housing for older people where we perform well against the key areas of voids, arrears and repairs. Our Tenant Panel offers scrutiny on our performance and service delivery in key areas such as repairs and maintenance.

RETURN ON ASSETS

Properties

The Association's most significant physical assets are of course its housing properties. Each year the expenditure and budget include stock reinvestment costs for the replacement of building components such as kitchens, bathrooms, roofs, windows etc.

None of our properties required the recognition of an impairment transaction in our financial statements. Many of our properties have a strong value in use.

In early 2017, we commissioned a report on the state of repair of the Association's assets and this has resulted in the Association moving forward to develop an asset management strategy which will be in place by autumn 2017. This will enable the Association to align our property assets with business need, directly linked to the business plan.

Return on assets - viability

We are keen to use our assets to improve and update our housing stock, we have the capacity to borrow more in terms of uncharged assets, but when considering new borrowing we need to balance the cost of repayments against the need to continue to make a healthy surplus to invest in our existing stock and provide new homes in the future.

TREASURY

The Association has one small loan which was fixed historically at 6%: the term of this loan ends in January 2018.

SUMMARY

In summary, our analysis shows that our operating costs are reducing over time. Our actual housing management costs are also relatively low. Our arrears performance and our income collection are extremely good, and we aim to improve our performance year on year.

Overall, the benchmarking results highlight those areas which need attention and corrective action, but the direction of travel is positive.

CORRECTIVE ACTION – WHAT WE WILL DO IN 2017/18

We are good at collecting our rent, and although our operating costs have increased by 4%, we face challenging times and endeavour to make savings wherever possible.

We are actively seeking ways to reduce our management costs without increasing resources whilst working to increase our income.

During the coming year we will be carrying out a fundamental review of many aspects of our work. In particular, we shall look at the following areas of activity to identify where we can improve our service offer and maximize value for money:

- Staffing structures
- Domicillary Care
- The major works at Sarjeant and Willis Courts