



# Value for Money

## Statement / Self-Assessment

April 2015 – March 2016  
Ashton Pioneer Homes Ltd

## Why APH produces a Value for Money Self-Assessment

APH, like all housing associations is regulated by the Homes & Communities Agency (HCA). The role of the HCA is to make sure that housing associations are well governed, financially sound and provide a good service to residents. One of the key standards that they expect housing associations to meet is to provide Value for Money (VfM). In order to demonstrate our commitment to this standard we publish a Value for Money Self-Assessment each year.

## How APH gets the information it needs to compare its performance with others.

APH is a member of both Acuity and HouseMark. Throughout the report you will see mention of HouseMark and how APH are 'benchmarked' against other housing associations. One of the ways in which APH measures the efficiency of the services we provide is through our membership of Acuity and HouseMark. HouseMark is a not-for-profit organisation that measures the performance and cost of services provided by housing associations nationally and compares them against other, similar housing associations. This is called benchmarking. Acuity performs the same function but for smaller Housing Associations ('The Smalls'). HouseMark benchmark eight different service areas, rating each area for cost and performance. APH are performing some well when compared to other Housing Associations and others less so.

## What does the HouseMark report show?

The HouseMark report on Page 6 provides detailed analysis of the HouseMark data comparing APH with other similar organisations. HouseMark separates organisations into four groups dependent on performance. If they were comparing eight housing associations the best two would be in the top group or 'Upper Quartile' (or top 25%) and the two lowest ranked organisations would be in the bottom group or 'Lower Quartile' (bottom 25%). You will see references to quartiles throughout the document.

## What are Assets?

An asset is something of value which is owned by APH. This can be a wide range of things such as Land, Housing Properties, Plant and Equipment, Cash at Bank or money owed to APH. One of the most valued assets of APH are our staff. We continue to invest in staff training and development. We recognise that promoting staff engagement and delivering high levels of staff satisfaction are key to the success of the organisation.

## What is procurement?

The ways in which APH improves efficiency when we buy services and schedule work to our homes is called procurement.

## What is a surplus?

A surplus is when the amount of income coming in exceeds the amount of expenditure going out. Any surplus made by APH is kept and creates the Reserves on the balance sheet. These Reserves are re-invested into existing homes to keep them in good condition and continue to maintain high level services.

**What is Net Present Value (NPV)?** This is used to help APH decide how profitable its assets are. It is a calculation that works out the difference between the amount of anticipated income generated by each property and amount that will be spent on that property over time. So it is a measure of the value of a property based on its future anticipated cash income and outgoings.

## What is Value for Money?

APH considers Value for money is all about getting the right balance between the costs of delivering our services together with how efficient and effective we are as an organisation, however, it is not just about saving money, it is about getting the most out of the money we have to spend. We embrace this in order to:-

- Improve the quality of life for the residents by understanding their needs, promoting diversity, ensuring high customer satisfaction and maximising involvement opportunities.
- Be a high quality, agile and efficient organisation that outperforms the Business Plan.
- To continuously improve by managing, developing, communicating and by sustaining our assets to maximise potential.

We brand this as the Pioneer Way for promotion purposes.



## Delivering Value for Money

We have a number of mechanisms for monitoring and scrutinising our performance, involving a range of stakeholders, including the Performance Group, Asset Group, Board, the Audit Committee and resident scrutiny and customer panels. In addition, there are a range of performance measures and internal mechanisms used by the officers of the business in undertaking their day to day operations.

We have a clear set of Financial Regulations, robust budget setting processes, effective contract procurement practices and customer feedback policies. We also undertake substantial benchmarking activities. We compare our performance, both in terms of cost and quality of service through external, sector recognised benchmarking companies, HouseMark and Acuity. At APH we have developed a Performance Dashboard with a set of Key Performance Indicators (KPI's) that are linked to these performance targets. Performance is reported to Board on a quarterly basis. The Board also receive assurance regarding the quality of the service provided from internal and financial audits. In order to further monitor results we formed the Performance and Asset Groups comprising of both Officers and Board members which meet regularly. One of their ongoing tasks is to develop the means of measuring all aspects of the delivery of Value for Money.

We have also been concentrating on more efficient ways of working, using technology available, to support front line staff to deliver a higher quality service in less time.

## How we monitor VfM (Benchmarking)

Benchmarking is a useful tool to assess our performance. It enables us to compare our results with other housing associations across a wide range of factors. It identifies areas of both good and poor performance which highlights fields for improvement.

We compare ourselves against other similar associations both in the North West and nationally. We work collaboratively in a small independent benchmarking group for the North West area.

To aid with the monitoring of our information we are a member of HouseMark.

HouseMark are the most established provider of benchmarking data services to the social housing sector with over 950 housing associations currently members.

In the table below, we have selected what we believe are the Key Performance Indicators (KPI's) for the 929 properties under management at the year end March 2016.

| Process  | Our score | Median Score | Quartile | Status |
|--|-----------|--------------|----------|--------|
| Average re-let time – all re-lets (days)                           | 14.4      | 25.82        | 1        | Green  |
| Repairs completed at 1st visit                                     | 98        | 94.1         | 1        | Green  |
| Rent collected from current & former tenants as % of due           | 98.97%    | 99.64%       | 4        | Red    |
| Value  |           |              |          |        |
| Satisfaction with service provided                                 | 95.8%     | 95.8%        | 1        | Green  |
| Satisfaction with repairs & maintenance                            | 89.7%     | 91.0%        | 3        | Amber  |
| Satisfaction with neighbourhood                                    | 90.3%     | 88.65%       | 2        | Green  |
| Satisfaction rent provides VfM                                     | 82.3%     | 91.5%        | 3        | Amber  |
| Satisfaction service charges provide VfM                           | 76.0%     | 87.0%        | 4        | Red    |
| People   |           |              |          |        |
| Sickness absence avg days per employee                             | 8.08      | 8.21         | 2        | Green  |
| Business and Financial   |           |              |          |        |
| Total CPP (cost per property) of Housing Management                | £402      | £400.36      | 3        | Amber  |
| Total CPP (cost per property) of responsive repairs and void works | £483.56   | £526.38      | 1        | Green  |
| Total CPP of major works & cyclical maintenance                    | £441.22   | £594.61      | 2        | Green  |
| Total overhead as % of turnover                                    | 28%       | 15.35%       | 3        | Amber  |
| Current tenant arrears as % of due rent                            | 3.87%     | 3.74%        | 3        | Amber  |
| Rent loss due to voids as % of rent due                            | 0.45%     | 0.70%        | 2        | Green  |
| Gross arrears as % of rent due (net of HB)                         | 1.5%      | 3.06%        | 1        | Green  |
| Rent written off %   | 0.84%     | 0.58%        | 3        | Amber  |

### How we achieve VfM

APH achieves Value for Money through the way we buy services and arrange work to our homes (this is called procurement). Reliable local contractors are used who are knowledgeable about our stock and who achieve a good level of 'right first time' fixes, keeping costs down and satisfaction levels high.

APH are members of a number of buying consortia that help us to achieve economies of scale through buying with others; these are Procurement for Housing, and the North West Housing Consortium.

APH secures grants to support new developments and services and finds ways to generate income to support our work. Examples from 2015/16 include:

- We attracted Social Housing Grant from the HCA totalling £60k to support the Empty Homes Programme, enabling empty properties to be renovated and brought back into use.
- Grant of approximately £20k towards provision of Cycle Shelters for tenants.

When we look at 2015-2016, the results of our activities in areas around Value for Money have resulted in positive results affecting the Company, our tenants and stakeholders.

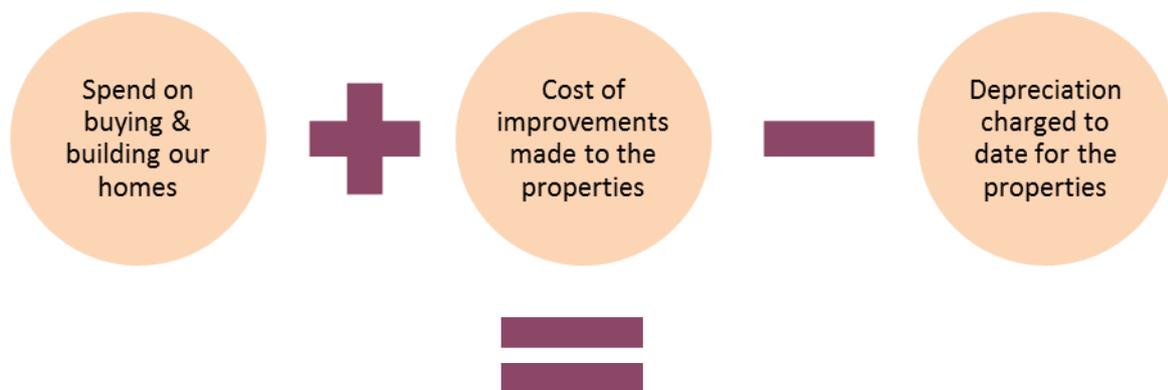
We set out below these results across the Company's activities;

Returns regarding the objectives set out in the Business Plan.

| Business Plan Objective  | Returns  |
|--|--|
| Maximise number of Tenant Profiles   | 95% of tenant profiling achieved to allow us to target resources more efficiently.   |
| Increase usage of Benchmarking   | Enhanced KPI reports to Board increase ability to focus resources Useage of new Housemark VfM Scorecard.   |
| Increase use of Social media   | Increased Facebook, Twitter and other e-communications to improve contact with tenants which has produced a significant reduction in stationery spend. |
| Extend use of appointments for contractors                                       | Reduction in abortive visits and call out charges.   |
| Appoint a Welfare Benefits Officer   | Has provided invaluable assistance and debt advice to enable tenants to learn how to budget and manage their money under new finance regime.           |
| Increased use of Neighbourhood Services Assistants to complete minor repairs     | Ability of staff working 24/7 to attend tenants properties to mitigate the requirement to employ a contractor at increased costs.                      |
| Progress next stage work experience, accreditation and review modern apprentices | Provided employment opportunities for existing Modern apprentices with additional places being created.  |
| Ensure compliance with Loan Covenants  | Renegotiated move away from cash based covenants leading to staff time saving of 5 hours per quarter.  |

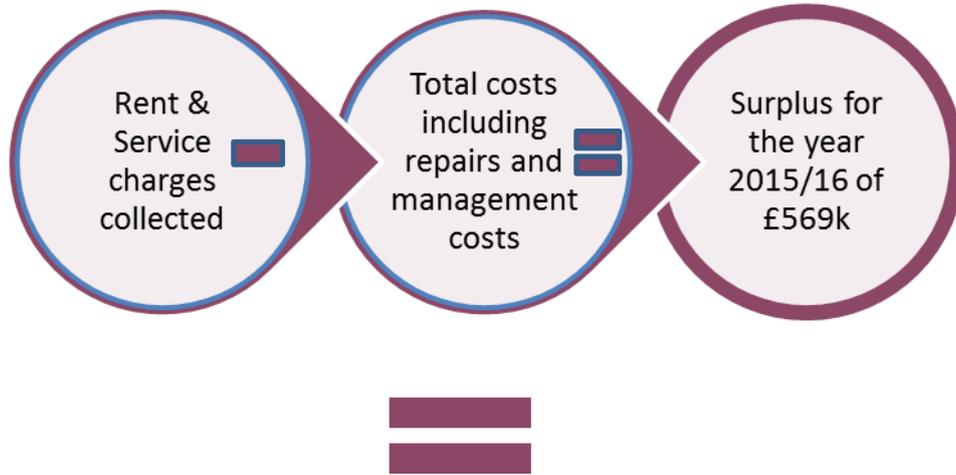
Return on Assets

APH recognises the importance of understanding the return on assets in order to achieve its strategic objectives and to ensure that the use of our assets represents good value for money. It's a way of working out what we get back from what we put into our business. APH's largest asset is our stock base of 929 homes. So how much are we actually spending on them and how much income do they generate for our business?



WE OWN 929 HOMES, WITH A VALUE OF £18,17M IN OUR 2015-16 ACCOUNTS.

SO, WHAT'S OUR RETURN ON THIS INVESTMENT?



IN 2015/16 THIS GIVES AN ANNUAL RETURN ON OUR INVESTMENT OF

**3.13%**

#### Asset and Liability Registers

In line with the new regulatory requirements we needed to develop an asset and liability register in order to ensure that we have the ability to quickly access detailed information on our assets. We hold detailed information on the assets we own, what they have cost, whether they are charged as security to the bank, or available for new borrowings, what improvements or capital spend have been charged to each property. We also have details of the liabilities to others including our loans and major contracts, pension funds and treasury information. Additional work will be carried out in 2016/17 to further consolidate the information held in order to create a fully comprehensive record.

#### Maintenance

The original planned works were reorganised by the necessity to carry out emergency works to the render on two of our tower blocks at an estimated cost of approx. £2m (£676k of which was spent in the year).

During the year a further £90,000 has been invested against Phase 2 of the fire protection works. Safety of our tenants and their guests are a high priority of APH, the value aspect of this in VFM terms is priceless if it saves lives. As reactive and void works cannot be controlled in the same manner, a further £440,000 has been invested in works to maintain the stock which exceeded budgets by £49,000.

Despite this our performance shows that our repair costs per property for both responsive and cyclical repairs are generally in the lower range in comparison with our peer group which demonstrates effective cost management by our maintenance team.

| Name of Organisation | Average weekly Cost of reactive maintenance works 2015-16 | Average weekly Cost of cyclical maintenance works 2015-16 |
|----------------------|---|---|
| Ashton Pioneer Homes | £483.56   | £441.22   |
| Eldonians EBHA       | £549.92   | £1,152.70   |
| Family HA            | £781.63   | £1,933.41   |
| Wirral Methodist HA  | £588.00   | £748.00   |
| People First         | £502.84   | £310.96   |
| Arawak Walton        | £716.00   | £324.00   |

#### Procurement

- The Company is a member of the Community Housing Associations (NW) Group (CHA(NW)) which helps us to achieve economies of scale through commissioning services with other members of the group.
- The way in which we procure our day-to-day repairs service means that we can keep tight control on our costs. We use reliable local contractors who know our stock and therefore achieve a good level of 'right first time' repairs. This keeps costs down and satisfaction levels high.
- IT Lab are now providing the support of our network IT system which enables us to benefit from a discount of 25% arising from membership of CHA(NW).
- Brabners are now providing our legal advisory services as part of a group agreement arising from membership of CHA(NW) which will produce economies of scale savings.
- We have renegotiated our contract for Internal Audit services and reduced the number of hours deliverable from 30 hours to 20 hours which produces a cost saving of approx. £5,000p.a
- We have secured a 3 year deal for our company insurance premiums which has produced a significant cost saving compared to the prior year, in excess of £25,000.

#### Operational

- We have reduced the number of jobs that we send out to third party contractors to carry out repairs to our void properties. We have employed more in-house staff to complete these jobs which have resulted in cost savings due to reduced charge rates and VAT savings.
- In order to assist our Estate Services Team, our 24/7 Neighbourhood Services Assistants are carrying out minor repairs rather than instructing a contractor, particularly out of hours. In the year over 500 jobs have been completed saving not only VAT but also costing less in labour terms.
- We have been concentrating on more efficient ways of working, using technology available, to support front line staff to deliver a higher quality service in less time. I pads and I phones have been provided to facilitate remote working on the estate, improving staff effectiveness.

|      | Weekly Operating Cost per unit | SPBM   | Operating Cost as a percentage of turnover | SPBM   | Weekly Operating cost for Management | SPBM   |
|------|--------------------------------|--------|--|--------|--------------------------------------|--------|
| 2014 | £58.74                         | £74.42 | 68.18%                                     | 71.40% | £15.33                               | £18.30 |
| 2015 | £62.31                         | £83.36 | 73.04%                                     | 73.56% | £15.56                               | £19.62 |
| 2016 | £70.17                         | £87.33 | 80.75%                                     | 70.90% | £12.81                               | £20.73 |

### Treasury/Financial Capacity

- Utilising fully funded development opportunities such as the Empty Homes Initiative, retains any surplus within the Company to support future opportunities.
- At the end of the financial year we had borrowings of £10.1m from our funders Nationwide, this has been used to purchase and upgrade the homes that we own.
- We remain comfortably within covenants with our bankers. Due to the unexpected render costs incurred during the year we have reviewed our business plan and established that there is a necessity to restructure our current borrowing arrangements. We have employed the David Tolson Partnership (DTP) to assist with this. We are confident that APH will be able to access further loan finance by either re-financing with Nationwide or accessing the capital markets.

The 2015 results are presented in line with the new financial reporting standard FRS102. As demonstrated in the table below, the 2015 figures have been re-stated to reflect this.

|                                    | 2017<br>(F/cast) | 2016<br>(Actual) | 2015<br>(Actual) | 2014<br>(Actual) | 2013<br>(Actual) |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Number of Units in Management      | 940              | 929              | 928              | 919              | 919              |
| Turnover (UK GAAP)                 |                  | £4.59m           | £4.18m           | £4.08m           | £3.81m           |
| <b>Restated Turnover (FRS102)</b>  |                  |                  | <b>£4.41m</b>    |                  |                  |
| Operating Surplus (UK GAAP)        |                  |                  | £1.16m           | £1.27m           | £1.08m           |
| <b>Restated Surplus (FRS102)</b>   |                  | £0.90m           | <b>£1.2m</b>     |                  |                  |
| Operating Surplus as % of Turnover |                  | 19.61%           | 27.75%           | 31.13%           | 28.35%           |
|                                    |                  |                  | <b>27.2%</b>     |                  |                  |

### Tenants

- The Linda Fletcher Centre (LFC), has seen further improvements, the kitchen area has been refurbished and more upgrades are planned in the near future. This provides a better resource available to tenants and also staff to utilise as a drop in facility.
- The digital inclusion programme continues to work well. The computers in the LFC and APH reception provide much needed internet access to tenants who have no access at present.
- We are in the process of carrying out a Tenant Satisfaction Survey in conjunction with the CHA(NW) (Consortium). The results of this should be available in the second quarter of 2016. Initial feedback appears positive.

| Overall Tenant Satisfaction of                   | %     | SPBM  | HouseMark |
|--|-------|-------|-----------|
| Overall service provided by Ashton Pioneer Homes | 95.8% | 91.0% | 86.0%     |
| Repairs and Maintenance Service                  | 89.7% | 87.0% | 79.9%     |
| APH listens to tenants views and acts            | 80.5% | 77.0% | 68.9%     |
| Their home                                       | 92.9% | 89.0% | 83.7%     |
| The neighbourhood                                | 90.3% | 90.3% | 85.9%     |
| VFM of Rent                                      | 82.3% | 85.0% | 82.0%     |
| VFM of Service Charges                           | 76.0% | 76.0% | 71.0%     |

### Business Plan 2016-2019

The 1% reduction in the rents of social landlords each year for four years substantially changes our financial Business Plan. Compared to the ten year rent formula announced in 2014 by the previous coalition government, which determined that rents would increase by the rate of CPI inflation plus 1% each year, this meant that over the life of our 30 year Financial Plan there would be a shortfall in rental income of approximately £9m. In order to address this we have further enhanced our established financial controls and restructured our planned maintenance programme. Due to the nature of our tenancies we also hope to convert the company to a Registered Society under the Co-operative and Community Benefit Societies Act 2014 as part of a process which should save approximately £10m in Corporation Tax. Every year we review our 30 year Finance Plan and make any necessary adjustments to ensure that our Corporate Business objectives are accurately reflected. The Plan is approved by the Board following consideration and stress testing. The plan is tested across a range of scenarios that would push it to break point. This will consequently identify possible problem areas that may require greater focus.

As part of the Financial Plan process a detailed operational 3 year budget is prepared and approved by Board prior to the start of each new financial year. Management accounts are presented to the Board quarterly once reviewed by the Director of Finance & Administration.

These accounts are then distributed to operational managers for monitoring to ensure that any variances to budget can be identified and appropriate action taken.

The table below shows an extract from our 30 year Financial Plan

|                                      | 2017<br>(Forecast)<br>(‘000’s) | Plan<br>2018<br>(Forecast)<br>(‘000’s) | Plan<br>2019<br>(Forecast)<br>(‘000’s) |
|--------------------------------------|--------------------------------|--|--|
| Turnover                             | 4,438                          | 4,474                                  | 4,509                                  |
| Operating Surplus                    | 1,262                          | 1,221                                  | 1,176                                  |
| Operating Surplus as a % of turnover | 28.44%                         | 27.29%                                 | 26.08%                                 |
| Surplus after interest               | 718                            | 714                                    | 673                                    |
| Surplus as a % of turnover           | 16.18%                         | 15.96%                                 | 14.93%                                 |

### Benchmarking

Benchmarking is important to any business. It provides key comparisons with similar organisations, enabling understanding of strengths and weaknesses and underpinning evidence based approach to resource allocation, cost reduction and target setting.

As well as being a member of Acuity which is a benchmarking provider for smaller associations we are also affiliated with HouseMark. HouseMark is the largest; most established provider of benchmarking data services to the social housing sector, with over 950 housing organisations currently members.

Utilising HouseMark allows us to compare our performance with that of our peer group. We have chosen to benchmark against a broad spectrum of 44 North West based providers. We want to be assured that our performance can stand comparison against any comparable organisation that customers might choose to rent from, do business or work in partnership with.

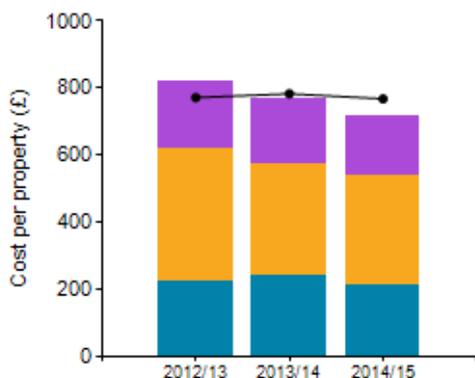
This table below (Dashboard) is taken from the benchmarking organisation HouseMark. The latest published data is for 2014/15 and shows our performance on eight critical services compared with a group of 44 similarly sized associations, (our 'peer group'). What the table shows is that for all but one of our service areas, we deliver above average performance.

The following pages analyse how performance and cost for each of the key service areas above have moved over the last three financial years and the key improvement actions included in the 2015 2020 strategic plan. (The median line represents the HouseMark average).



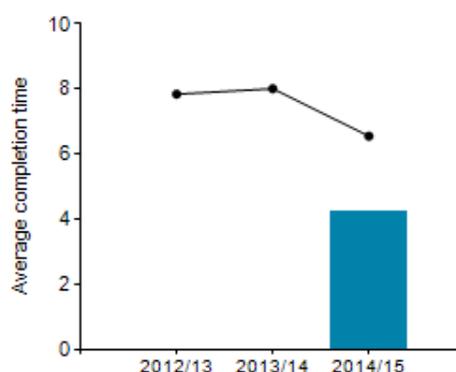
### 1. Responsive Repairs and Void works

#### Cost



— Median  
 — Direct non-pay  
 — Overhead  
 — Direct employee

#### Average completion time

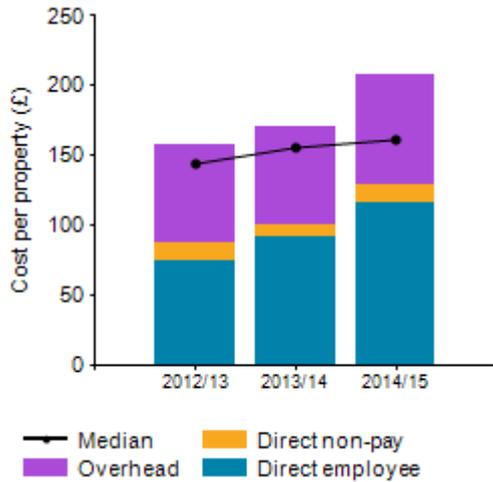


— Average completion time  
 — Median

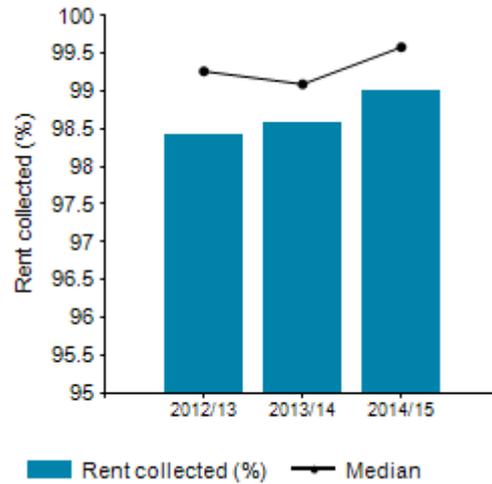
Comparisons were carried out last year with other HA's, and it has been found that APH has a higher void standard than our peers. Our completion times continue to be impressive.

## 2. Rent Arrears and Collection

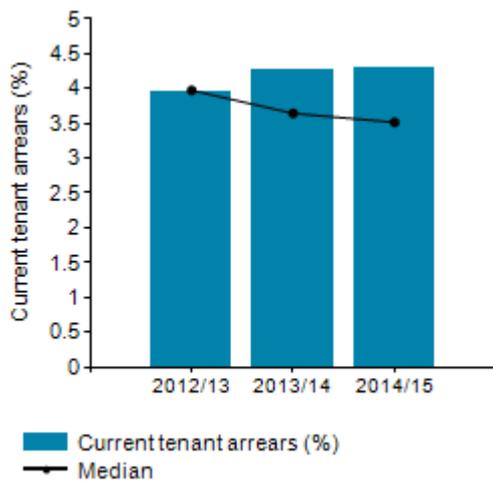
### Cost



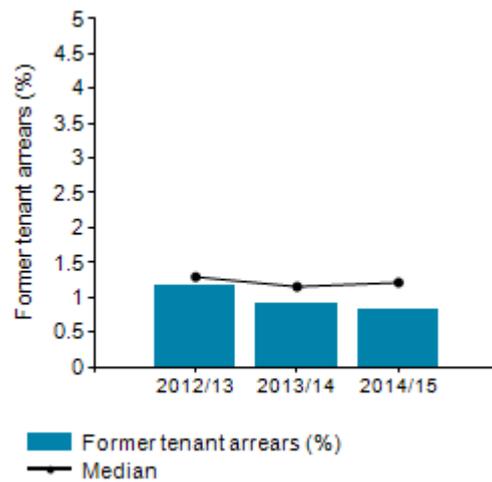
### Rent collected (%)



### Current tenant arrears (%)



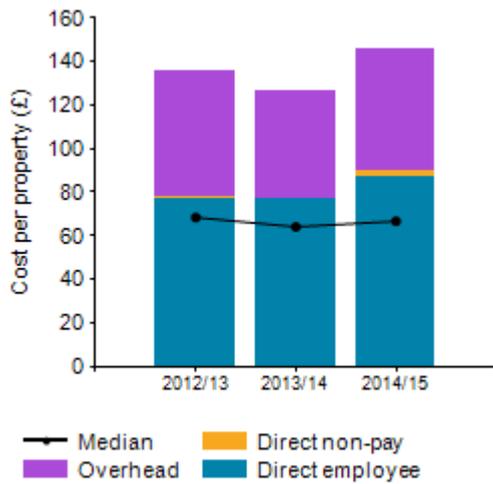
### Former tenant arrears (%)



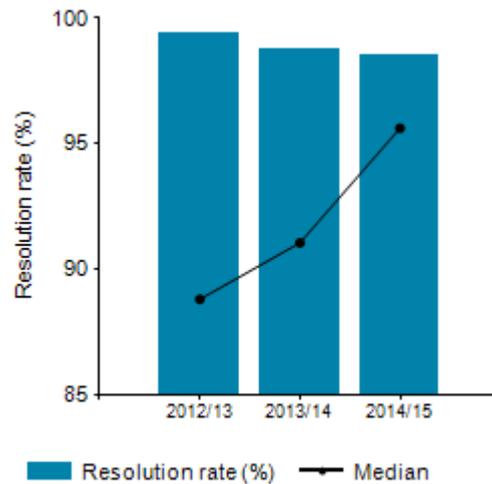
This is an important area, impacted by Welfare Reforms. APH have employed a Welfare Officer to assist tenants with debt management and managing their household costs. Increased focus and resources to collect rent with the use of Ipads and Iphones has allowed for remote working permitting our Housing Officers to carry out more home visits.

### 3. Anti-Social Behaviour

#### Cost



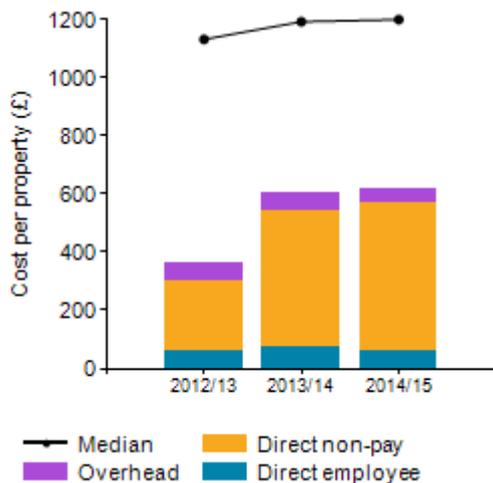
#### Resolution rate (%)



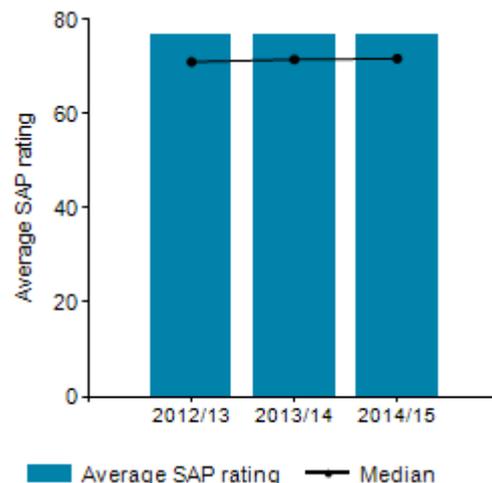
APH has an excellent record on ASB. The employment of our 24/7 Neighbourhood services team has been instrumental in keeping incidents to a minimum.

### 4. Major Works & Cyclical Maintenance

#### Cost



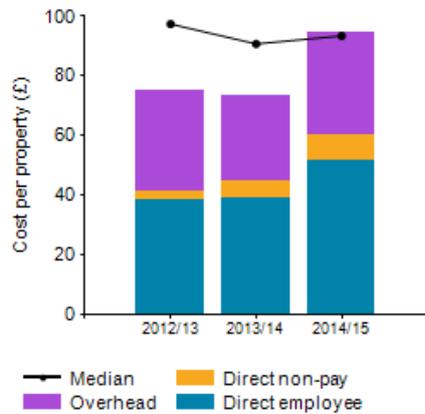
#### Average SAP rating



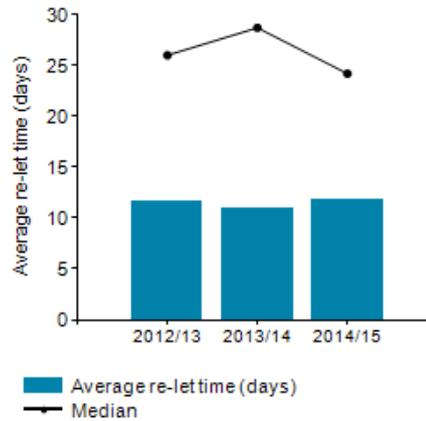
APH's investment in stock has been lower than its benchmark partners. The planned programme has been scaled back in light of the additional unexpected costs relating to emergency render work required to the tower blocks. We are now part of the CHA(NW), a regional consortium, so will benefit from volume purchasing along with the other members.

## 5. Lettings

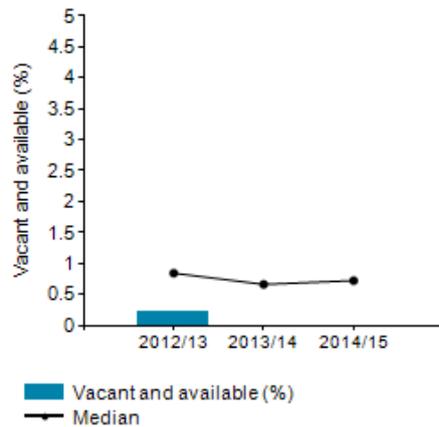
### Cost



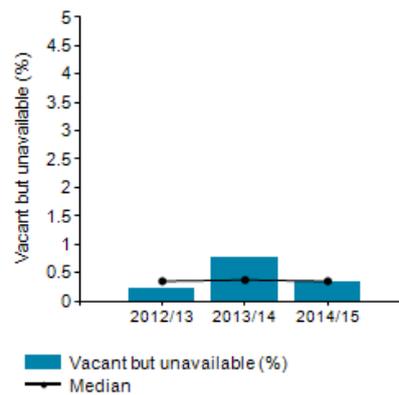
### Average re-let time (days)



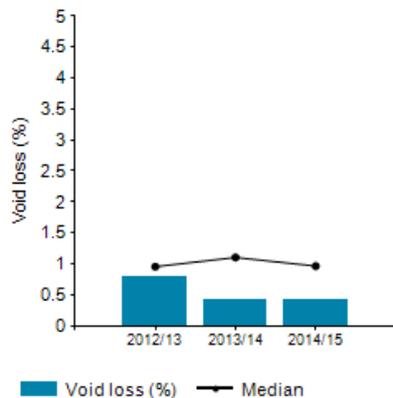
### Vacant and available (%)



### Vacant but unavailable (%)



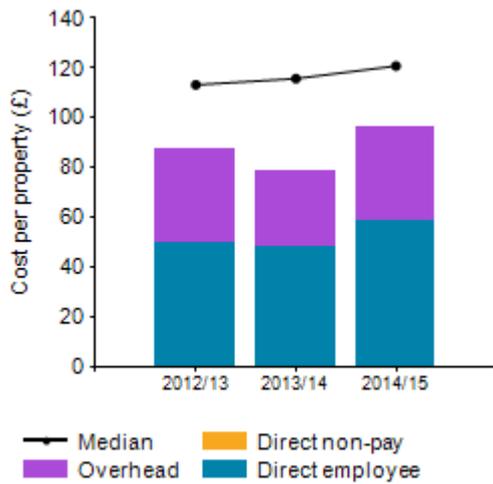
### Void loss (%)



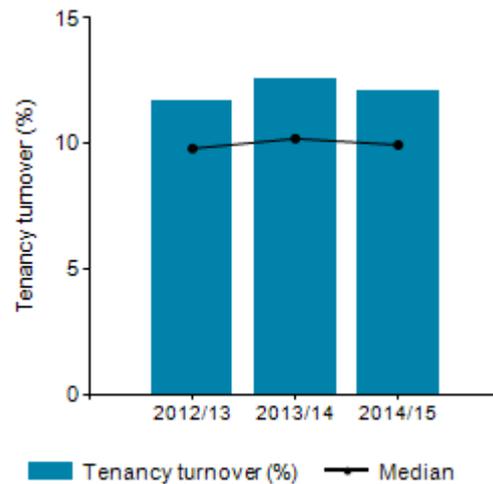
We continue to be strong in this area. Our re-let times remain low at present but may rise due to either increasing number of refusals or fluctuating demand.

## 6. Tenancy Management

### Cost



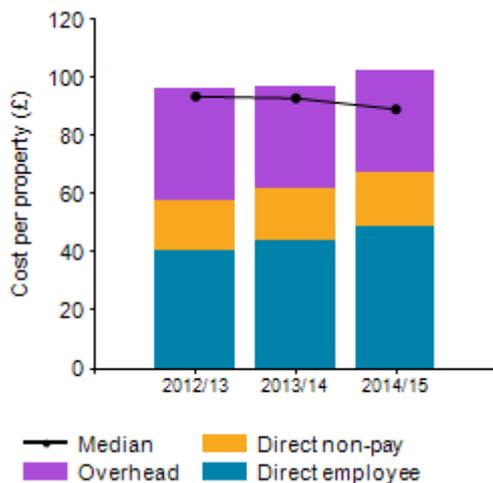
### Tenancy turnover (%)



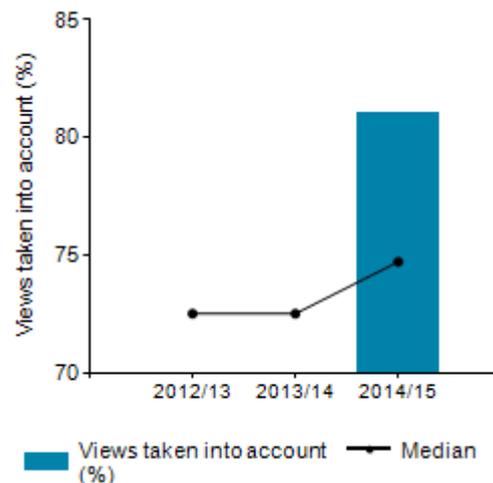
Our tenancy turnover remains high; this is due to the nature of the stock. Over a third of our properties are in high rise blocks which by their nature have transient tenants.

## 7. Resident Involvement

### Cost



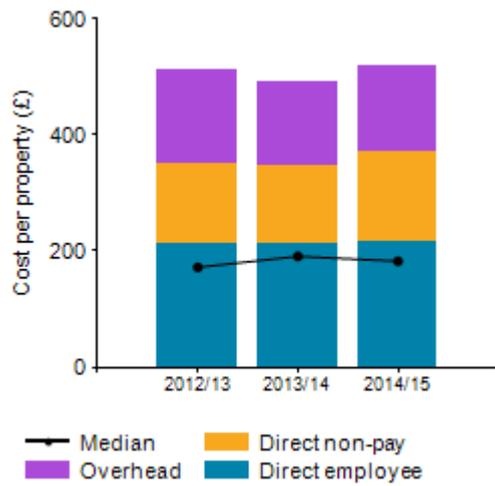
### Views taken into account (%)



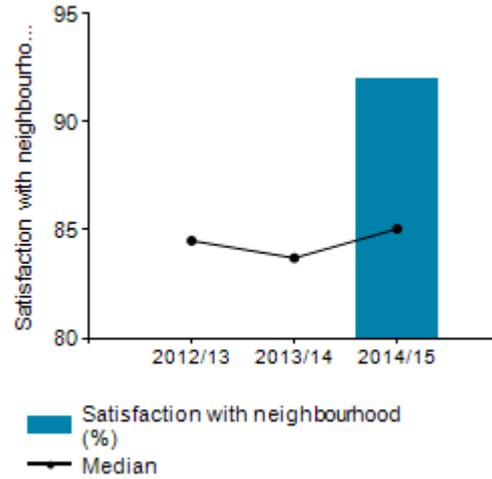
We have employed a Community Capacity Worker to work with our tenants. We also have a tenant base (The Linda Fletcher Centre) with IT facilities available for use. We are also continually working to improve our tenant profile data and improve our customer information.

## 8. Estate Services

### Cost



### Satisfaction with neighbourhood(%)



Front line services are a priority for APH hence the higher than average costs in comparison to the benchmarking median. We operate CCTV on our estates which is monitored by our 24/7 Neighbourhood Services staff. We also have added service costs relating to the 14 lifts in our high rise blocks.

### Conclusion

The Board have reviewed this Self-Assessment Statement and believe this demonstrates a clear, strong commitment to and delivery of Value for Money which is embedded throughout the organisation.

