



## **Women's Pioneer Housing Value for Money Self-Assessment**

### **What does Value for Money mean to Women's Pioneer**

Our Value for Money strategy sets out how Women's Pioneer Housing approaches, measures and reports Value for Money. In addition it sets out how Value for Money supports our main corporate objectives.

The Value for Money strategy is directly linked to the delivery of three of our five corporate objectives:

- Increasing the number of local homes we own and manage
- Improving systems to deliver excellent services
- Becoming a stronger organisation

We aim to get the best value from our available resources to allow us to deliver more homes locally and better services. We do this through:

- Delivery of our asset management strategy,
- Good procurement practice, including treasury management,
- Making considered investment in resources, particularly HR and IT, and at the right price,
- Measuring the outputs of our services, and using our tenant scrutiny panel to direct us to areas of concern where we can improve.

In addition, to the extent that we can, we aim to add social value.

Overall control of these areas lies with the Board, which monitors performance and seeks assurance through independent audit. We benchmark against other housing associations through Housemark, report our comparative performance to the Board and set targets based on our knowledge of good practice elsewhere in the sector.

We are regulated by the Homes and Communities Agency (HCA) which publishes a standard setting out its requirements in respect of Value for Money. To ensure we meet these, our Board has approved the Value for Money strategy and performance measures and reviews an annual self-assessment of what has been achieved. These are published in full on our website ([www.womenspioneer.co.uk](http://www.womenspioneer.co.uk)), and summarised in an annual report for tenants.

### **Measuring Value for Money**

Our value for money assessment below considers the following:

- the return on our assets
- comparing performance
- procurement and providing social value
- value for money achievements
- future value for money plans

## Value for Money – Return on Assets

Our existing property portfolio is a mix of tenanted and leasehold properties funded by original private investment, grants, reserves and recent loans. The asset management strategy was reviewed in 2016 and confirmed that Women's Pioneer would retain attractive well located stock in good condition that generates surpluses. A methodology has been agreed for systematic options appraisal and where stock does not meet these criteria disposal is arranged to achieve the highest market value.

Our responsive maintenance service is supported by professional advice, on site staff presence for diagnosis and a post inspection regime. Customer satisfaction surveys are provided after every repairs visit and contribute to contractor appraisal. We benchmark our performance through Housemark and the cost of our service to a basket of similar small providers.

The installation of and improvements to the group's lifts and communal heating and hot water plant is co-ordinated to coincide with other planned works and term contracts are in place for long term maintenance to keep the cost as low as possible.

Planned maintenance is benchmarked through Housemark. The programme is informed by a stock condition survey and supervised by external consultants to ensure appropriate cost and quality. It is fully costed and provided for within the business plan and budgets approved by the board. This includes our 'more than decent' programme that systematically improves older stock, enables work to be carried out in the most cost effective way and reduces responsive maintenance costs.

The return on our assets is reported below:

<b>Social Housing lettings</b>	<b>Operating surplus £'000</b>	<b>Capital Employed £'000</b>	<b>Return %</b>
2016	1,380	58,344	2.37
2015	1,715	57,800	2.97

The operating surplus above is based on the surplus from social housing lettings. The return on capital employed has reduced due to the level of planned maintenance investment in 2016.

Going forward, the Board have approved the development of 19 new housing units. Three have started on site and will be let at a subsidised rent and the remaining 16 will be let at market rent. Each building and site owned by the group is being appraised to assess its potential for providing additional or larger homes (the Hidden Homes programme). All rental investment activity is expected to payback within 30 years using the current risk weighted long term cost of capital for the organisation. In this way we are improving the return on our assets within our long term business plan capacity.

\* Net promoter score is from our 2016 tenant census and measures how likely our residents would recommend Women's Pioneer to their family or friends. The prior year measure is based on the 2013 tenant census.

## Value for Money – Comparing performance

In January 2017, the sector proposed an efficiency scorecard to enable the sector to compare performance whilst driving value for money. This is currently being piloted across members. We have reviewed the scorecard including its definitions and where applicable we are reporting the results below.

Indicator	2016	2015	Housemark 2015/16 quartile ranking
Operating margin	18.9%	23.9%	2
Increase/decrease in operating margin	(18.3%)	30.8%	-
Interest cover adjusted for capitalised repairs (EBITDA MRI)	78%	26%	4
Gearing	30.7%	29.9%	2
Return on capital employed (social housing lettings)	2.37%	2.97%	-
Occupancy	99.2%	97.5%	3
Ratio of responsive repairs to planned maintenance spend	35.0%	40.2%	-
Rent collected	99.7%	99.7%	4
Overheads as a percentage of adjusted turnover	14.6%	13.3%	3
Net promoter score*	38.1%	33.7%	-

Where possible we have compared the results to Housemark. Our ranking is based on housing associations in London with less than 5,000 general needs properties.

We are rank in the lowest quartile for interest cover adjusted for capitalised repairs and rent collected. These are discussed below:

- The low EBITDA MRI ranking is due to the level of investment made as a result of our ‘more than decent’ programme. By investing in our homes the costs of responsive repairs are consistently low and we are one of the top performing associations under this heading (see operating costs per home below).
- The rent collection rate has been consistent at 99.7% for the last 2 years. This performance has placed us in the last quartile. However, we are starting from a low base as our current rent arrears percentage is 3.18% which places us in the top quartile.

### Operating cost per home

The efficiency scorecard also includes an analysis of operating cost per home which is reported below:

Cost per home	Average unit cost (2015/16)	Women’s Pioneer (2016)	Women’s Pioneer (2015)	Housemark 2015/16 quartile ranking
Housing Management	£1,080	£1,108	£986	2
Service charges	£530	£1,422	£1,211	4
Responsive Maintenance	£1,010	£872	£854	1
Planned Maintenance	£890	£1,781	£1,356	4
Other social housing costs	£470	£53	£62	-
<b>Headline social housing costs</b>	<b>£3,970</b>	<b>£5,236</b>	<b>£4,469</b>	

\* Net promoter score is from our 2016 tenant census and measures how likely our residents would recommend Women’s Pioneer to their family or friends. The prior year measure is based on the 2013 tenant census.

## **Value for Money – Comparing performance (continued)**

The average unit cost is based on the 2016 HCA global accounts. This will include all housing associations across England and Wales. The Housemark ranking however is based on housing associations with less than 5,000 general needs properties in London.

The overall cost per home is significantly higher than the average unit cost, especially with regards to service charges and planned maintenance. This is due to the nature of the stock of which 98% are flats in West London. Each flat has a service charge attached to them which can be very significant depending on the services being provided. Following a tenant scrutiny panel review of service charges, we are conducting a full review of services during 2017 to assess where efficiency savings can be made.

With regards to planned maintenance we invested heavily during 2016 in line with our asset management strategy. This has enabled the responsive repair costs to remain significantly low. Future spend on planned maintenance will be lower over the medium term in line with the asset management strategy and business plan.

## **Value for Money – procurement**

We have a procurement strategy in place which takes into account quality, reliability, benefits for tenants, long term cost and security of supply as well short term pricing.

Work with long term partners is valued because it reduces the time and cost of procurement and improves the quality of the outcome. We seek opportunities for collaborative working which may include joint ventures and cost sharing arrangements.

Socio-economic equality is an important factor in procurement decisions and adds to social value. Where it is consistent with our overall Value for Money strategy we will prioritise suppliers that share our values, for example, those headed by or with a significant number of staff who are women or others disadvantaged in the jobs market. Using a crude measure of added social value we estimate that we have created the equivalent of five additional jobs in the area during the year by our start up assistance to a sole proprietor cleaning company which was able to recruit workers because of a contract with us. We have also promoted RBKC's Pathways to Work which enabled a previously street-homeless tenant of WPH to gain employment in the financial sector.

## **Value for Money achievements**

During 2016 we achieved the following:

1. We negotiated with one of our lenders and managed to achieve a fixed interest rate of 1.05% for 4 years on a £10m loan facility. This was previously divided into a number of loans at variable interest rates and a fixed interest rate of 5.46%. This is expected to save approximately £110k in 2017 compared to our original business plan projections.
2. We have made efficiency improvements in our repairs service by assigning contractors to specific areas and introducing repairs days which allows a number of jobs to be completed at the same time instead of requiring multiple visits. This has enabled our repairs satisfaction rate to remain high at 94% but has also enabled our repairs team to set a 2017 responsive repairs budget with a 0% increase compared to the 2016 costs.

### **Value for Money achievements (continued)**

3. We have made approximately 15% savings on our planned electrical works by procuring a separate contract for the works rather than tendering cyclical contracts inclusive of the works. What we identified was that main contractors were sub-contracting the electrical works element and by procuring directly with the sub-contractors we have saved additional overhead and administration charged applied by the main contractors.
4. We have also managed to reduce the level of service provided by a third party Clerk of Works which has made savings of approximately £20,000.
5. Whilst energy costs rose over 2016, we manage to successfully procure a 2% reduction in heating and hot water costs through a procurement agent.

### **Value for Money Plans**

Value for money is embedded in Women's Pioneer and during the course of 2017 we will be focusing on the following areas to assist with further value for money savings:

1. A full review will be undertaken of services charged to residents to assess what efficiency savings can be made.
2. We will implement a rent payment predictive software which will assist our housing team in targeting arrears cases more efficiently.
3. We will be implementing a service charge system that will enable reporting of service costs to be more accurate and timely.
4. We will continue to procure services such as the warden call services and our utilities.

Any value for money savings will be reported at each board meeting in conjunction with the key performance indicators.