

Value for Money Self-Assessment 2016-17

Introduction

Crosby Housing Association's (CHA) Board and Senior Management Team has undertaken a comprehensive self-assessment of Value for Money (VFM) for 2016-17 in order to present to all our stakeholders a balanced representation of our performance and achievements over the last year, and our plans for the future.

This self-assessment aims to outline:

- Our strategic approach to VFM
- Our growth strategy, our approach to asset management, and how this will help to us to maximise VFM
- Our approach to managing and improving our financial and operating performance
- Our approach to social value across our communities
- Our VFM achievements during 2016/17
- Our key priorities and targets for 2017/18 and beyond
- Our compliance against the VFM regulatory standard.

We consider the production of this self-assessment to be an exercise in transparency and accountability, and therefore if you have comments, queries, or observations that you would like to share with us, please contact the Head of Corporate Resources on 0151 920 7300 or at info@crosby-ha.org.uk

About Crosby HA

We are a small, independent housing association based in Waterloo, Merseyside. We have been providing affordable, good quality housing in South Sefton since 1969 and we currently own and manage 416 homes.

We are a progressive and caring organisation which values its residents, staff and partners. We do not make a profit; any surplus is used to fund future work for the benefit of the communities in which we work.

We have strong values that are reflected in all of the services that we provide.

2016-17 was an important year for CHA which saw the Association branching out to Southport to secure the acquisition of an additional 6 units. Work also started on another venture which will see CHA bringing a long term empty building in Liverpool back in to use. Working in partnership with NHS England and the Ministry of Justice, CHA will open a fully managed scheme containing 12 supported housing units.

One year in, our new role of managing agent with Southport Soroptimist Housing Association is working well. We have commenced the refurbishment of their property and this will strengthen its popularity and enable them to continue to provide quality accommodation.

Our vision, values and objectives

Over the last couple of years there has been growing pressure on housing associations to build new homes and become more efficient. Customer service and satisfaction seemed to be of much lesser importance in the outside world. More recently, and likely as a reaction to the tragedy at Grenfell Towers, tenants are coming up the political agenda and how existing stock is managed and maintained is gaining interest.

The sector continues to operate in a challenging environment. The rent cuts imposed by Government are in the second year and there are a further two years cuts to factor into our business plan. Pressures on public spending have seen a variety of cuts to welfare benefits and this has a massive impact on many of our customers and our business in terms of income collection.

This year two new members joined the board. We have a new Chair and Vice Chair, both were existing board members and they will be working together to ensure the success of the Association. They would like to improve the gender balance and age profile of the board and we will be seeking to recruit new members during this financial year.

The board is strong and eager for us to rise to the challenges and this is reflected in the key objectives forming the basis of the business plan **Viability - Assets - Customers**, the fourth - **Value for Money** underpins each of these objectives.



We are a community housing association and are part of many strategic partnerships that affect our neighbourhoods. We have a strong focus on our customers and their homes and this will continue. However we continue to absorb the impact of government legislation and agreements and also develop our appetite for efficiency and growth.

This year we have responded to the first year of the rent reductions. We have delivered efficiencies in our operating costs, sought new business through providing management services to a small housing provider in Southport and we are determined to look seriously at new opportunities for growth. We are on with 2 projects now and by the end of the next financial year we will have brought a further 19 homes into ownership.

Our desire to involve tenants is reflected in the Tenant Services Panel. This team has developed a range of skills and it is reviewing service areas and offering recommendations to the Board.

Strategic objectives

Below is our one page Business Plan which sets out the Associations’ strategic objectives for the year ahead and how we plan to achieve them:

One page business plan 2016 -2021		yr2 focus 17-18	
<p>Aims</p> <p>We will have achieved reduction targets and tailored services that continue to support our most vulnerable customers. We will work in collaboration with our partners to deliver improved efficiency and service standards. We will adapt to the political operating environment and seek to deliver growth opportunities where possible.</p>			
Strategic Themes		Viability	Assets
		←-----Value for money -----→	
<p>Performance & Growth</p> <ul style="list-style-type: none"> Complete refurbishments projects to deliver new rental units into the association’s portfolio (4.6% growth) Engage more widely with the Local Authority, other partners and stakeholders and proactively plan for growth Explore grant and loan funding to facilitate growth plans Actively promote our work/services offer Improve mechanisms to understand demand information to inform new development and support current stockholding develop systems to improve efficiency and management information <p>Income and efficiency</p> <ul style="list-style-type: none"> Meet income collection targets for current tenants and publish policy for the treatment of former tenant debts. Implement changes to the repairs service that meet customer standards and deliver efficiency savings review tenancy management models to maximise income continue collaborative working where it can deliver financial efficiencies deliver business as planned within 5 year financial targets <p>Governance</p> <ul style="list-style-type: none"> Complete recruitment of Chair and Vice chair and support both posts to develop and deliver their roles Review company structure as appropriate in the light of new business opportunities and financial challenges Ensure plans are achievable and demonstrate overall compliance, good accountability & good risk management Continue to monitor impact of legislative change and other directives. (VRTB, Deregulation) <p>Reputation</p> <ul style="list-style-type: none"> Continue to take lead in partnerships with Key stakeholders to enhance prospects of viability and new business Support customers through engagement in wider neighbourhood activity 	<p>Property Investment</p> <ul style="list-style-type: none"> review procurement strategy in light of changes to delivery of the repair service Complete review of supported stock in light of govt. consultations and decisions Determine next stage of planned works programme and communicate with customers Develop action plan arising from Structural surveys Improve analysis techniques to inform a wide range of investment decisions Develop VRTB policy in the light of pilot findings Intensify review of supported housing schemes considering exit strategies and impact assessment as appropriate. <p>Staff</p> <ul style="list-style-type: none"> determine organisational structure fit for the future in terms of staff skills and capacity Maximise training to develop and support staff in key business areas. Implement actions arising out of staff survey and IIP assessment and introduce robust management reporting system. Purchase professional services when needed <p>Business premises</p> <ul style="list-style-type: none"> Set and monitor stringent targets for shop 	<p>Knowledge & understanding</p> <ul style="list-style-type: none"> Continue to improve data interrogation methods and reporting to inform business decisions Maximise Data Analyst resource demonstrating enhanced business knowledge and reporting improvements <p>Communication and involvement</p> <ul style="list-style-type: none"> publish CHA approach to social media and digital inclusion post tenant survey continue to develop the Tenant Support Panel (TSP) to drive improved performance and communication techniques, particularly in new business areas e.g. VRTB <p>Quality Services</p> <ul style="list-style-type: none"> encourage TSP to continue service reviews to support business efficiency and improvement Produce action plan from tenant survey, deliver improvements and publish results to tenants Review service provision and associated charges in the light of the application of the LHA cap 	
<p>how we work - We will work as one team and externally we will collaborate at all levels, taking opportunities to deliver better value for money through improved products, systems and services to protect our financial capacity.</p>			
<p>end of 5 years We will be bigger and stronger with an even great profile - Have been flexible enough to cope with the changing environment - Manage more properties than currently and taken opportunities for "new build" - Have taken full advantage of grant funding and of equity in our existing portfolio - Have examined opportunities to diversify into other income streams</p>			

Strategic approach to VFM

VFM is a key and over-arching element of our business plan, underpinning all of our objectives. Our strategy continues to support the delivery of our objectives in the following ways:

- A culture of VFM is embedded across the organisation, ensuring that it is considered and reflected in everything we do;
- Financial, environmental and social value are considered and used to inform decisions on how we choose to deliver our core objectives;
- Costs and budget implications of delivering specific activities are used to support decisions on making the best use of our resources.

In order to keep VFM at the forefront of thinking across the organisation it has been added as a permanent agenda item for all staff and senior management team meetings. As part of VFM, added value is given a significant weighting when we tender for products and services.

Monitoring and reporting VFM

The Business Plan sets out the Associations' direction of travel and strategic priorities for the next five years and a more specific one page Business Plan, showing the actions for the year, is prepared and approved by Board annually. Financial plans and forecasts are updated and approved annually by the Board, and we are currently working to enhance our stress testing capabilities against a number of different scenarios. Quarterly performance reports and Management Accounts outline financial and operational performance against key performance indicators and allow the Board the opportunity to scrutinise and challenge.

We are keen to compare our own performance against that of our peers, and submit quarterly benchmarking data to Acuity. Benchmarking reports are scrutinised by the Senior Management Team quarterly and any adverse trends are investigated and acted upon.

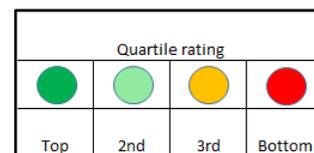
Performance

We have successfully reduced void turnaround times, outperforming our 21 day target with average void times at the end of the financial year standing at 17.5 days – this is second quartile when compared with our regional peer group. Rent loss figures are lower than forecast at less than 1% against budget of 2%. In addition, to demonstrate how we have improved management of arrears, the out turn for rent write offs & bad debts was £24k against a provision of £38k.

We have demonstrated a positive approach to the recovery of former tenant arrears and during the year we recovered circa £6k. However, there is still more to do on current arrears management as benefit restrictions and Universal Credit have had a detrimental impact on our tenants and we did not meet our end of year arrears target of 2% and delivered an outturn of 2.8%.

In addition to in-house performance monitoring against KPI's, we participate in a regional benchmarking club through Acuity. We regularly compare our performance to that of our CHANW (Community Housing Associations North West) peers as well as SPBM & Housemark. The table below shows how our performance compares over the last 5 years:

PI	2012/13	2013/14	2014/15	2015/16	2016/17	Peer Group Quartile 2016/17	SPBM Quartile 2016/17	Housemark Quartile 2016/17
Repairs and Maintenance								
Average Weekly Cost per dwelling of responsive repairs	15.24	13.15	16.22	12.62	8.44	No data	No data	No data
% Repairs completed within target time	99.26	99.44	99.50	99.40	100.00			No data
% Repairs fixed on first visit	94.07	90	92.76	94.1	100			
Improvements and Cyclical Maintenance								
Cost per property - Major and cyclical works	No data	No data	No data	895.28	1313.02			
Housing Management								
Weekly Operating Cost per unit	64.69	48.31	54.52	44.74	58.64			No data
Operating Cost as % of Turnover	85.46	64.6	64.09	71	54.7			No data
Ave weekly management cost per dwelling	12.24	12.32	12.92	16.45	12.78			No data
Rent collection and Arrears								
Former tenant arrears as a % of annual rent debit - GN & HfOP	0.18	0.33	0.7	0.67	0.42			
Current tenant arrears as % of annual rent debit - GN & HfOP	2.13	5.59	2.33	3.27	2.59			
Voids and Re-lets								
Percentage of rent lost through dwellings being vacant - GN only	No data	0.51	1	0.7	0.39			
Average re-let time (calendar days) - GN only	No data	20.1	40	29	17.5			



Over the past 12 months, we performed reasonably well across the spread of what we consider to be Key Performance Indicators. The main area that stands out from the table is 'Cost per property – Major and cyclical works'. The methodology used by Acuity to assign performance to quartiles for this indicator is the higher the amount of expenditure, the lower the quartile.

We have also signed up to take part in the pilot for the Sector Efficiency Scorecard which is a new way of benchmarking efficiency. Metrics across five categories (business health; development; outcomes; asset management; operating efficiency) are measured and will help RSL's to demonstrate their compliance with economic standards as well as to compare performance with peers. We aim to include metrics from the new scorecard in our VFM self-assessment for 2017-18.

Growth

The two projects that were in train during the last financial year have now crystallised.

The Association has entered into a 35 year lease for a property in Liverpool. A full refurbishment programme is underway and due to complete in the autumn of 2017. The scheme is the result of a working partnership with Health and the Ministry of Justice. During the year the partnership procured a support provider to work at the project and Imagine Independence were the successful bidder.

The management service we now provide for Southport Soroptimist Housing Association (SSHA) is working well and in our first few months we agreed to purchase one of the two properties owned by SSHA. Completion of the purchase took place in July 2017. We will soon start some remodelling work to the property. This will improve quality and create an additional unit.

Both projects will be completed during 2017-18 and this will add 19/20 units to the Associations stock resulting in growth in numbers of units of 4%.

Asset Management

The table below provides a full breakdown of our stock by type and location.

Property type	Area	1 Bed Bungalow	1 Bed Flat	1 Bed House	2 Bed Flat	2 Bed House	3 Bed Bungalow	3 Bed Flat	3 Bed House	4 Bed House	5 Bed House	Bedroom (shared house)	Bedsit	Totals
General needs	Bootle	2	2	-	-	2	2	-	11	3	-	-	-	22
	Litherland	14	-	-	-	-	-	-	36	-	-	-	-	50
	Seaforth	-	38	7	26	32	-	1	18	14	1	-	1	138
	Southport	-	6	-	-	-	-	-	-	-	-	-	-	6
	Waterloo	-	76	-	32	6	-	1	12	3	-	-	11	141
	Totals		16	122	7	58	40	2	2	77	20	1	-	12
Supported housing	Bootle	-	2	-	-	-	-	-	-	-	-	12	-	14
	Crosby	-	-	-	-	-	-	-	-	-	-	9	-	9
	Seaforth	-	-	-	-	-	-	-	-	-	-	6	-	6
	Waterloo	-	21	-	-	-	-	-	-	-	-	9	-	30
	Totals		0	23	0	0	0	0	0	0	0	36	0	59

We are currently in the process of exploring both in house and bought-in software to help us to better understand the performance of our housing stock. We will soon begin to monitor the performance of our housing stock by calculating the Return on Capital Expenditure % (ROCE) and Net Present Value (NPV) of properties on an individual unit basis.

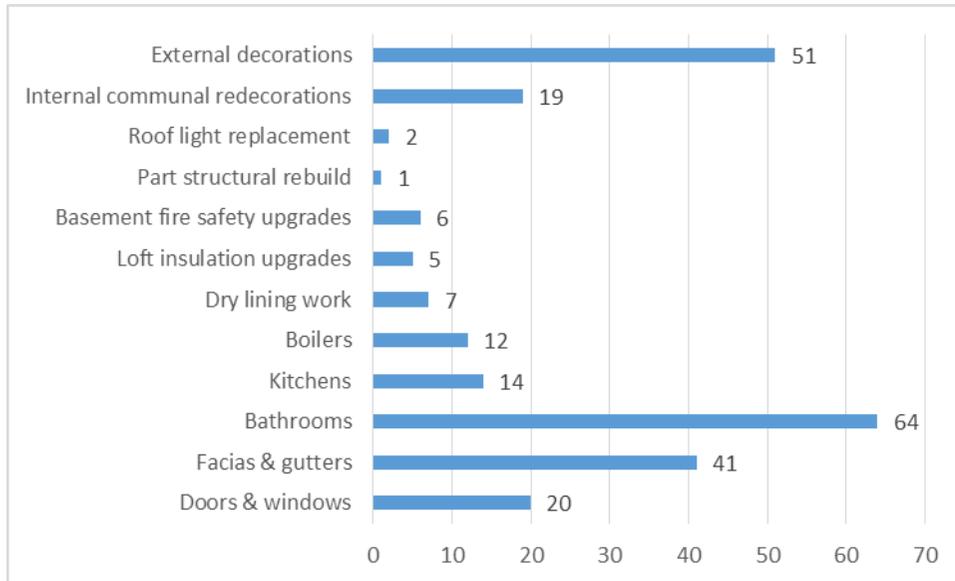
By improving our understanding of our housing stock performance we will be able to consider the viability of each property moving forward. Where prudent, stock identified as underperforming could be considered for disposal with the proceeds being used to acquire or develop additional properties that are better suited to the needs of the business and our customers.

In terms of stock investment, we have now largely completed the heating, window and external door programme. At the end of the year we committed to a bathroom replacement programme and this will deliver 51 new bathrooms in tenant's homes.

The cyclical painting programme is also progressing well with a further 51 properties, including communal areas painted during the year. The Association does not have any developments over four stories high and the stock is generally conventional brick construction.

Health and safety continues to be a priority, all gas certificates and electrical checks are up to date and the fire alarm upgrade programme is all but complete. We will take steps to further enhance health and safety monitoring through the creation of a suite of management reports and by adding safety works/records to our assets and liabilities register for quick reference.

The following planned and cyclical works were complete during the year:



Social & added value

Following on from the work completed through the Crosby and Waterloo Coastal Community Team, the CEO was invited to join the Sefton Coast Landscape Partnership resources task group. Being involved in the development of Sefton's coast at a strategic level helps to take forward the aspirations of the Coastal Community team and Waterloo Town Team particularly in influencing the economic drivers for the coast. Waterloo Town Team is hosted and chaired by CHA. The team continues to deliver Christmas in Waterloo and support local events. This year we secured lottery funding to support the Waterloo Festival, a 3 day event which brings thousands of people into the area.

Alongside 11 other associations from Community Housing Associations North West (CHANW), we entered into a partnership agreement with Brabners solicitors. Our new partnership with Brabners delivered staff training and the approval of two policies developed by CHANW. Work to produce a standard tenancy agreement is also being considered. CHA is leading a review of the service to inform the future workings of the legal partnership.

The CEO continues to chair the National Housing Federation's smaller housing association forum. It provides a platform to raise issues that affect smaller providers and last year the CEO fed into key consultations around the government's review of how supported housing is funded. In addition she is working with the NHF to develop mechanisms that support smaller organisations to develop new homes.

Future plans for 2017/18

- Explore grant and loan funding to facilitate growth plans
- Improve mechanisms to understand demand information to inform new development and support current stockholding
- Develop systems to improve efficiency and management information
- Implement changes to repairs service that meet the customer standards and deliver efficiency savings
- Continue collaborative working where it can deliver financial efficiencies
- Review company structure as appropriate in light of new business opportunities and financial challenges
- Preview procurement strategy in light of changes to delivery of the repair service

Compliance

This self-assessment is aligned with the expectations set out in the Homes and Communities Agency (HCA) Value for Money Standard; these being that the Association should:

- Have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade-offs and opportunity costs of its decisions.
- Understand the return on its assets, and have a strategy for optimising the future returns on assets — including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models — measured against the organisation's purpose and objectives.

- Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance.
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

The content of the self-assessment will enable stakeholders to understand the return on assets measured against the Associations objectives. We have set out the costs of delivering specific services and evidenced the value for money gains that have been and how further gains will be realised over time.