**2015/16 Value for Money Self Assessment Report**

**1.** **Summary**

**1.1** This self assessment sets out LSHA’s approach to achieving value for money in the way in which it operates. It is a regulatory requirement that a summary of which is included in LSHA’s Financial Statements

**2.** **Details**

**2.1** **What do we mean by Value for Money**

 Value for money (VfM) is the term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and/or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource-use, fitness for purpose and timeliness to judge whether or not, when taken together, they constitute good value.

 For LSHA, delivering VFM should:

* support our mission, objectives and goals;
* provide the range and priority of services that our customers want;
* achieve standards of quality and cost which positions LSHA among the top performing smaller London housing associations;
* adopt recognised good practice where appropriate;
* make the most productive and efficient use of internal and external resources;
* demonstrates sustained year-on-year improvement;
* seek out better ways of performing.

This VfM self assessment reflects the regulatory requirements (see para 6.1) and priorities by placing emphasis on:

* reinforcing LSHA’s performance culture
* having a robust approach to decisions on the use of resources to deliver business plan objectives
* ensuring that return on assets is optimised by reviewing alternative delivery methods
* reinforcing budget/financial management processes (including understanding costs and their drivers) to provide clear performance management data to allow robust VfM decisions to be made

The ways in which the above will be delivered are set out in the following sections.

 An annual VfM self assessment will be published in LSHA’s Financial Statements to detail how Value for Money is achieved in delivering our purpose and objectives.

**What Value for Money is not**VfM is not necessarily about cutting costs; VFM is about getting more quantity and quality alongside spending money wisely and not spending more money than necessary.

 Spending money wisely in order to deliver its objectives will allow LSHA to produce efficiency savings which will result in a sustainable organisation which can re-invest in new housing units; enhanced neighbourhood services and/or front line delivery where appropriate.

* 1. **LSHA’s approach to Value for Money**

 VfM means the delivery of our social objectives in the most cost effective way possible.

 The value we produce is directly related to our social purpose – our mission is to make a difference to people’s lives by:

* providing quality homes
* providing a range of outstanding services
* improving the physical and social sustainability of schemes and communities

 For us, therefore, achieving VfM is about making a bigger difference by providing the quality homes, the best services and best neighbourhoods we possibly can with the resources available. We will do this mindful of the legitimate and sometimes competing interests of our key stakeholders: tenants, local community, local partner organisations (including the three local authorities in which we operate) and funders.

 In summary, we seek to ensure VfM through:

* Embedding VfM within the culture of the organisation.
* Improving Customer satisfaction and customer involvement.
* Benchmarking and comparing costs to other registered providers.
* Ensuring financial controls support the delivery, measurement and reporting of VfM.
* Ensuring consideration of VfM in all procurement.
* Encouraging Green initiatives and minimising wastage in our operations.
* Increasing partnership activities to provide more cost effective services.
* Improving our housing stock based on the results of our asset management review and 2016 stock condition survey.
* Getting the best returns from our assets.
* Improving IT services to make LSHA more efficient and cost effective.

	1. **Our arrangements to ensure delivery of VfM as part of the day job**

Roles of the Board, Chief Executive, other staff and tenants.

* The Board has a responsibility to lead on VfM and actively holding the Chief Executive to account for VfM performance.
* The Chief Executive has a responsibility to assist and advice the board in determining the organisation’s approach to achieving VfM.
* Tenant involvement in VfM, eg agreeing priorities (and efficiencies), shaping services and scrutinising service performance and VfM. This is currently primarily achieved via the SOLFED Tenant Scrutiny Panel and is currently under review.

	+ **Assurance (and reporting) framework for VfM.**
		- All Board reports require a VfM comment.
	+ **Extent to which VfM is embedded in performance management.**
* VfM considerations influence business culture and are considered as part of 1:1s and team meetings.
	1. **Our track record – what we have achieved over the past year**
1. **Assets**
	* Successful completion of nine flats at St. Faith’s Road within budget.
	* Completion of kitchen and bathroom works at Antony House and Roderick House, Major improvements at 3 Cleaver Square houses
	* Completion of a new stock condition survey.
	* Implement programme of installing low energy ventilation extractor units.
2. **Operations**
	* LSHA is part of the Acuity benchmarking group. This allows LSHA to benchmark performance against other small housing associations in London.

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| **Financial KPIs** | **2015-16** | **2014-15** | **2013-14** | Peer Group Quartile 15/16 |
| Rent collection | 99.5% | 100% | 100% |  |
| Rent arrears | 4.54% | 4.56% | 4.95% |  |
| Void loss | 0.39 | 0.38% | 2.1% |  |
| Average relet time | 18 | 26 | 16 |  |
| Debt per unit | £20,208 | £20,447 | £12,858 | [[1]](#footnote-1) |
| Total surplus | £297,609\* | £311,212 | £173,642 |  |

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| **Asset Management** | **2015-16** | **2014-15** | **2013-14** | Peer Group Qu. 15/16 |
| Decent homes compliance | 100% | 100% | 100% |  |
| Emergency repairs on time | 100% | 100% | 100% |  |
| Urgent repairs on time | 94.2 | 96.9% | 94% |  |
| Routine repairs on time | 96.2 | 100% | 96% |  |
| Gas inspections completed | 100% | 100% | 100% |  |
| Reactive Maintenance costs per unit | £869 | £705 | £823 |  |
| Major repair & planned costs per unit | £1441 | £1328 | £1328 |  |
| Total spend on asset management³ | £2,310 | £2033 | £2151 |  |
| Reactive maintenance expenditure°  | 38% | 39% | 33% |  |
| Planned maintenance expenditure° | 62% | 61% | 67% |  |

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| **Customer Satisfaction** | **2014-16** | **2014-15** | **2013-14** | Peer Group Qu. 15/16 |
| Overall satisfaction\*\* | 91% | 75% | 75% |  |
| Customer satisfaction with repairs | 97% | 95% | 78% |  |

\*Provisional Unaudited figure - Based on 2015/16 year end management accounts.

¹Result: this gives the position as at the end of the financial year 2015/16.

²Shows the quartile within which LSHA performed compared to the sector as a whole. Wherever possible comparisons are made with the Acuity London benchmarking group. LSHA operates a different financial year than a number of other housing associations so it is not always possible to make a direct comparison on a number of KPIs.

° Expressed as a % of total maintenance expenditure.

\*\*Based on 2016 telephone survey

Practical VfM initiatives undertaken by LSHA during 2015/16 include:

* Successful implementation of a texting service to over 75% of LSHA tenant’s. Helping reduce postage costs
* Cost benchmarking exercise across Solfed housing associations
* Undertake a comprehensive stock condition survey.
* Complete an asset and liability register for all LSHA rented and commercial property.
* Agreeing to independent mediation in a complex three legal case resulting in potential savings in excess of £20,000 in legal costs.
* Review of tenant engagement strategy to improve customer satisfaction.
* Undertake a utilities review to reduce cost of gas and electricity costs.

**c) Treasury Management**

* Undertake a comprehensive review of the 30 year Business Plan.
* Undertake training for Board members on housing association finance and treasury management.
* Initiate a comprehensive Treasury Management review.

**Projected Value for Money achievements in 2016/17**

* Continuing to embed VfM in the organisation.
* Review cyclical and programmed works in response to stock condition survey results.
* Supporting residents through Welfare Reform and Universal Credit whilst continuing to protect our income stream.
* Develop links with local organisations
* Support tenant training via accredited resident training courses
1. This is based on G15 2014/15 figures. [↑](#footnote-ref-1)