**LSHA Value for Money Statement 2017**

**Summary**

This self-assessment sets out LSHA’s approach to achieving value for money in the way it operates. It is a regulatory requirement to include a summary of this self-assessment in LSHA’s Financial Statements

**What we mean by value for money**

Value for money (VfM) is all about delivering our social objectives in the most cost effective way possible. It is not only about 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 position 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;
* demonstrate sustained year-on-year improvement;
* seek out better ways of performing.

This VfM self assessment reflects the regulatory requirements 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

**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 improved front line delivery.

**LSHA’s approach to value for money**

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

* providing good 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 highest quality homes, the best services we 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.

**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 advise the board in determining the organisation’s approach to achieving VfM.
* Tenant involvement in VfM, is about such matters as 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.

**Our track record – what we have achieved over the past year**LSHA is part of the Acuity benchmarking group. This allows LSHA to benchmark performance against other small housing associations in London.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial KPIs** | **2016-17** | **2015-16** | **2014-15** | Peer Group 16/17 |
| Rent collection | 100.2% | 99.5% | 100% |  |
| Rent arrears | 4.31% | 4.54% | 4.56% |  |
| Void loss | 0.67% | 0.39% | 0.38% |  |
| Average relet time (days) | 27 days | 18 | 26 |  |
| Debt per unit | £12,919 | £20,208 | £20,447 | ① |
| Total surplus | £277,004 | £297,609 | £311,212 |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset Management** | **2016-17** | **2015-16** | **2014-15** | Peer Group 16/17 |
| Decent homes compliance | 100% | 100% | 100% |  |
| Emergency repairs on time | 100% | 100% | 100% |  |
| Urgent repairs on time | 93% | 94% | 97% |  |
| Routine repairs on time | 94% | 96% | 100% |  |
| Gas inspections completed | 99.6%② | 100% | 100% |  |
| Reactive maintenance costs per unit | £747 | £869 | £705 |  |
| Major repair & planned costs per unit | £1,100 | £1,441 | £1,328 |  |
| Total spend on asset management | £1,847 | £2,310 | £2,033 |  |
| Reactive maintenance expenditure | 40% | 38% | 39% |  |
| Planned maintenance expenditure | 60% | 62% | 61% |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Customer Satisfaction** | **2016-17** | **2015-16** | **2014-15** | Peer Group 16/17 |
| Overall satisfaction | 76%③ | 76% | 75% |  |
| Customer satisfaction with repairs | 70%③ | 70% | 95% |  |

① Based on national housing association debt per unit.

② Gas inspection due by end of September 2017 not completed until first week of September, 2017. Tenant has severe mental health issues and had not responded to letters calls or visits.

③ Based on 2016 telephone survey.

Quartile Ranking

|  |  |
| --- | --- |
| 1 | Top |
| 2 | Second |
| 3 | Third |
| 4 | Bottom |

 **Practical VfM initiatives undertaken by LSHA during 2016/17 include:**

1. **Assets**
	* Establish a Repairs Working Group made up of Board members and officers to review all aspects of the repairs service including VfM.,
	* Agree Heads of Terms on innovative development scheme to deliver 12 new homes at zero cost to LSHA and no grant input.
	* Creation of a new in house surveyor role,
	* Kitchen and bathroom works for the following properties: 41 Stockwell Park Road, 63/65 Kennington Park Road, Butler Court.
	* Window Replacement and External Decorations Works: Commercial Way, Cator Street.
	* Replacement of all windows to the upper flats at Garden House.
	* Replacement of rear garden doors and side screen for Albert Way houses.
2. **Operations**
* Introduction of appointment system for repairs.
* Comprehensive telephone satisfaction survey of all tenants.
* Review of grounds maintenance agreement.
* Supplying housing officers with tablets to enable real time access to Omniledger whilst on visiting tenants.
* Initiation of comprehensive tenancy audit programme.
* Comprehensive update of all scheme notice boards.

 **c) Treasury management**

* Training for Board members on housing association finance and treasury management.
* Undertaking a comprehensive treasury management review including implementing recommendations.
* Paying down £2,000,000 on loan facility.

**Projected value for money activities in 2017/18**

* Continuing to embed VfM in the organisation.
* Bringing forward cyclical and programmed works programme to enable additional works to be undertaken in the event of any underspend.
* Continuing to supporting residents through Welfare Reform and Universal Credit whilst continuing to protect our income stream.
* Developing links with local organisations to ensure improved and better value services.
* Appointment of Surveyor role to drive forward improved tenant satisfaction with repair service.
* Review main repair contracts
* Review of Community Investment Strategy
* Focus on digital inclusion and health outcomes following Board Away Day
* Review of repair contract.
* Implementation of Schedule of Rates
* Supporting community based mental health initiative at Kennington Park
* Jointly commissioned training via Acuity