Value for money
2017-18

Housing Plus Group

Value for Money ("VFM")

In November 2017, the Homes and Communities Agency (now known as the Regulator of Social Housing) consulted on a revised Value for money (VFM) standard and code of practice, which was approved in March 2018.

The Housing Plus Group Board and Executive Team have been actively engaged in reviewing the new standard, and have established a VFM dashboard which will demonstrate performance against the 7 VFM metrics that the regulator require to be published in this statement, plus a further 7 indicators that reflect Housing Plus Group's strategic VFM objectives.

The table below summarises the Groups VFM performance for the past 3 years. Housing Plus Group was formed in October 2016. Figures for 2015/16 and the first half of 2016/17 consist of consolidated data from the two previous registered providers, Severnside Housing and South Staffordshire Housing Association.

The dashboard demonstrates excellent progress during a time where two organisations have come together. The case for the merger is demonstrated in the performance on these KPI's, social housing cost per unit has fallen by almost 10%, whilst reinvestment has doubled in the past 2 years.

VFM Dashboard

Key	
↑	Positive trend
→	Static trend
	Regulator of Social Housing VFM Metric
	Housing Plus Group VFM indicator

*consolidated figures from 2 HA's prior to merger

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
Operating efficiencies						
Headline social housing cost per unit	£3,314	£3,075	£3,131	£3,409	↑	10% reduction in cost per unit over 3 years.
% current tenant arrears	2.32%	1.27%	1.15%	1.23%	→	Arrears are relatively stable and high performing against our peers (*). This must be monitored to keep under control in an increasingly risky environment.
Integration plan savings	£1.9m	£1.33m	£132k	n/a	↑	Savings are £507k ahead of merger business case forecast.

Value for Money ("VFM") (continued)

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
Outcomes delivered						
Reinvestment %	7%	9%	9%	5%	↑	The Group has invested an extra £13.7m (47%) in 2016/17 & £15.1m (49%) in 2017/18 than in 2015/16.
Customer satisfaction	80%	81%	-	-	-	Customer satisfaction surveys were conducted for the Group in 2017/18 which will be a baseline for the future.
Learning Programme outcomes (no. of learners accessing the Learning Programme)	200	209	209	314	→	Focus has shifted towards accredited courses relating to employment skills and access to the internet. In 2015/16 attendance was higher but courses were broader in scope, so have been removed from the trend.
Development (capacity & supply)						
New supply delivered % (social housing)	1.45%	1.82%	1.70%	0.94%	↑	Number of homes increased from 109 in 2015/16 to 217 in 2017/18.
New supply delivered % (non-social housing)	0%	0.22%	0.03%	0%	↑	26 homes developed for outright sale in 2017/18, creating £828k profit for reinvestment.
Gearing %	80%	81%	80%	84%	→	This remains in line with our approved Business Plan.
Business Health						
Operating margin % (social housing lettings)	33%	35%	32%	29%	↑	Positive trend, demonstrating efficiencies that have been realised since merger.
Operating margin % (overall)	34%	32%	30%	28%	↑	Group target of 30% exceeded.
EBITDA MRI interest cover %	178%	146%	141%	129%	↑	Investment capacity is increasing year on year, but this figure is likely to fall over the coming years as we develop more.

Value for Money ("VFM") (continued)

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
Effective asset management						
Return on capital employed %	5.0%	6.1%	5.6%	5.3%	↑	Steady increase in return on capital employed.
Voids performance	£1.4m	£1.3m	£1.6m	£2.3m	↑	Expenditure on re-letting empty properties has reduced.
% sickness absence	3.39%	2.6%	-	-	-	Comparable figures for previous years are not available due to changes in the data considered since merger.
% voluntary staff turnover	20.53%	21.5%	-	-	-	

* comment based on review of Global Accounts data.

Benchmarking

Housing Plus Group merged in October 2016, half way through the financial year. The table below demonstrates the new Group's first year performance against the Regulator for Social Housing's VFM metrics for all registered providers, using the Global Accounts data for 2016/17. We will review whether there is a peer group that is more appropriate to compare our performance against for future years for these metrics and the VFM objectives specific to the Group.

Metric	Global Accounts Average 2016/17 (all registered providers (RP's)*	Housing Plus Group 2016/17	Quartile	Comments
Headline social housing cost per unit	£3,206	£3,131	◐	Above average performance.
Reinvestment %	5.6%	9%	★	Top quartile investment in stock, whilst reducing costs per unit.
New supply delivered % (social housing)	1.38%	1.70%	◐	Above average supply of affordable housing.
New supply delivered % (non-social housing)	0.21	0.03%	◐	Only 74 out of 237 RP's delivered new non-social housing.
Operating margin % (social housing lettings)	30%	32%	◐	Above average performance for both social housing and overall margin.
Operating margin % (overall)	29%	30%	◐	

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM") (continued)

Metric	Global Accounts Average 2016/17 (all registered providers (RP's)*	Housing Plus Group 2016/17	Quartile	Comments
Gearing %	42%	80%	●	This is in line with our approved Business Plan.
EBITDA MRI interest cover %	224%	141%	●	This is in line with our approved Business Plan.
Return on capital employed (ROCE)	4%	5.6%	★	Top quartile performance.

Key	Quartile (source: Housemark)
★	Upper quartile
◐	Middle upper quartile
●	Lower quartile

Achieving value for money

The VFM dashboard and benchmarking above demonstrate a very positive performance for the new Group in the eighteen months since merger.

It is very encouraging to see that reinvestment has doubled, whilst unit costs have reduced. If these two indicators are considered together, Housing Plus Group are ranked 25th out of 234 English registered providers who report these metrics.

Savings related to merger in 2017/18 have exceeded expectations. Some of the highlights of the year include:

- Insurance re-tender - £50k saving since December, equating to £200k p.a.
- External audit - £34k savings
- Board restructuring - £24k savings
- Internal audit - £15k savings
- PR & marketing efficiencies - £13k
- Over £600k reduction in sub-contractor spend which has enabled an increase in spend focussing on H&S critical areas such as fire doors, balconies, electrical inspections and rewires and new boilers
- Kitchen and bathroom material procurement savings of £35k
- Office relocation - £70k savings

Value for Money ("VFM") (continued)

Housing Plus Group recognises that value for money is about creating more value, this defines the Plus in our name. Examples of this include investing in our staff with increased training in many areas of the business to ensure high levels of competence and regulatory compliance.

Innovative ways of working such as the introduction of the Fair Landlord and home MOT programmes to Shropshire which ensure a fair and equitable service is provided to all of our customers.

The Learning Programme initiative will be rolled out across Staffordshire, with a focus on supporting customers facing the challenges presented by welfare reform through Into Work support and access to the internet.

Future VFM plans include:

- Rolling out of new IT systems which will be more efficient and enable our staff to work in an agile way. Expected savings include:
    - New network - £50k
    - New anti-virus system - £20k
    - Disaster recovery - £20k
- Standardisation of heating installation materials across the Group is forecast to generate over £150k savings
- In-sourcing grounds maintenance in Staffordshire, training and developing 12 new employees. The new contract is forecast to make £145k savings and is already improving the quality of the service.

Self-assessment

After taking into account the information outlined above, we the Housing Plus Group board believe the Group complies with the VFM standard set be the Regulator of Social Housing.

In compiling this summary we feel that we have demonstrated our current and future plans and approaches to VFM which have produced some excellent results, and are well placed to continue to deliver further efficiencies in line with our merger integration plan.






www.housingplusgroup.co.uk

enquiries@housingplusgroup.co.uk

Stafford office

Acton Court,
Acton Gate,
Staffordshire,
ST18 9AP

01785 312000

Shrewsbury office

Brassey Road,
Old Potts Way,
Shrewsbury,
SY3 7FA

0300 300 0059