

Report Of The Board Of Management
Year To 31 March 2018

Value for Money Statement

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Value for Money Statement

VFM is the very essence of running a viable social business through aiming to do the right things for the least cost. It's also about continuous improvement. VFM is the driving force behind everything we do. It is also, crucially, about preserving value for the longer term and avoiding short-termism. Staff members have clear objectives, rooted in our purpose, and this enables us to identify the actions that will achieve those objectives. We ensure our key processes are lean and customer focused, incorporating the use of technology wherever possible. Efficiency is about achieving the same for less, such as re-tendering of services.

We use benchmarking to identify inefficient activities and target remedial action, e.g. where costs are high or performance is poor. We do this on an annual basis against other housing associations through Acuity. This gives us an indication of the costs of our services compared to other members, and through SHAPE, our benchmarking peer group, we follow this up by learning from the best performers. Where costs are significantly higher than the norm then a service review is triggered. We also compare the quality of our services through customer satisfaction surveys.

We keep costs down through strong fiscal stewardship. This includes an active and considered approach to a range of activities:

- Treasury management: achieving the best possible return on investments, spreading financial risk, making money work.
- Procurement: We recognise that to improve as an organisation, our major suppliers should be partners as well as contractors. We have a procurement strategy to achieve maximum benefit for all organisations involved in terms of delivery and cost.
- Development, property care and maintenance: Our partnering procurement method combines control of the design with increased control of costs. Performance standards are validated by measuring and testing.
- We use a combination of ways to achieve best value from contractors including formal tendering and schedule of rates. The use of our own direct labour team ensures a high quality of service to residents with our costs being tested by periodic market comparisons to ensure value for money.

Commodities

We compare value through NHF procurement including IT: We use Phoenix for software discounts and explore other procurement routes with SHAPE members and Procurement for Housing (PFH).

Investing in our assets

Existing stock: We periodically review the condition of our housing stock and investment programme. As a minimum we maintain at least 'Decent Homes' standard on all our stock, but we aim to provide good quality homes including generous space standards and we continue to improve energy efficiency and upgrade kitchens and bathrooms when needed. We ensure value for money through competitive tendering and contract reviews, and use our direct labour team to carry out the fitting of new kitchens and bathrooms as well as for routine repairs.

New housing: We have established high quality standards for our new environmentally sustainable housing and we aim to achieve best value in producing these high performance homes within normal cost range.

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Monitoring and measuring performance

Our financial and statistical performance is measured and reviewed quarterly at Board Committee level and by the Board annually. We compare our performance against our peers and nationally against all associations.

Performance year to 31 March 2018	Greenoak	Smaller RPs	Smaller RPs	Whole Sector
		Median	Upper Q	Upper Q
No of Units	541			
Occupancy GN	99.49%	99.64%	100%	99.64%
Management cost per unit	£439	£1,065	£700.93	£775
Maintenance cost per unit	£765	£723	£526	£790
Service charges per unit – HB allowable	£720	£472	£249	£225
Ratio of responsive repairs to planned	1.49	0.6	1.16	0.45
Rent arrears gross	3.04%	3.06%	2.41%	
Rent collected for Year	100.19%	100.03%	101.15%	100.09%

Greenoak has performed well during the year against its peer group of smaller associations, as well as against national data. The average service charge is higher due to the large proportion of flats in management. We are committed to maintaining high quality, energy efficient homes and have a planned re-investment programme however we have a relatively small number of units and our expenditure on planned maintenance fluctuates from year to year.

New Value for Money Metrics

A new Value for Money (VfM) Standard, issued by the Regulator for Social Housing, came into effect from April 2018. The seven metrics specified by the new standard are required by the Social Housing Regulator to be published for all registered providers to benchmark efficiency across the sector. These metrics are also part of the wider Sector Scorecard which we report below:

v – Value for Money financial metrics	Greenoak	Smaller RPs	Smaller RPs	Whole Sector
		Median	Upper Q	Upper Q
Operating cost as % of turnover	70.56%	78.00%	67.90%	n/a
Headline social housing cost unit p.a. v5	£3,425	£4,195	£3,131	£2,906
Operating margin overall v6	32.28%	22.40%	31.00%	35.40%
Operating margin social housing lettings v6	31.95%	15.66%	33.29%	37.42%
EBITDA MRI (as a percentage of interest) v4	311%	307%	650%	282%
Units developed (absolute) v2	0	0	0	2.33%
Units developed (as a percentage of units owned) v2	0	0	0	0.20%
Re-investment in new supply v1	1.65%	4.14%	8.00%	8.48%
Gearing - sector scorecard metric v3	11.39%	18.68%	30.08%	53.10%
Customers satisfied with their landlord's overall service	98.69%	97.40%	98.00%	91.00%
Customers satisfied that their rent provides value for money (VfM)	96.23%	92.50%	97.00%	n/a
Customers satisfied with their last repair	99.13%	96.00%	98.40%	n/a
Return on capital employed (ROCE) v7	3.61%	3.40%	4.81%	5.24%
Satisfaction – overall service	98.73%	92.00%	97.00%	91%