



Value for Money Statement

What does Value for Money mean to Women's Pioneer

Our Value for Money strategy sets out how Women's Pioneer Housing approaches, measures and reports Value for Money. In addition it sets out how Value for Money supports our main corporate objectives.

The Value for Money strategy is linked to the delivery of our corporate objectives. We aim to get the best value from our available resources to allow us to deliver our objectives.

We do this through:

- A planned approach to prioritising activity in accordance with our objectives
- Making considered investment in resources, particularly HR and IT, at the right time and at the right price
- Delivery of our development and asset management strategies
- Good procurement practice
- Effective Treasury Management
- Measuring the outputs of our services against our KPIs
- Engaging effectively with our residents (including using our Scrutiny Panel) to identify key areas for improvement and efficiency
- Process mapping to increase the efficiency and effectiveness e.g. streamlining the customer journey

We add social value in various ways, for example, by

- increasing social inclusion e.g. enabling vulnerable and isolated residents to take part in their local activities
- our work to tackle gender inequality

Overall control of these areas lies with the Board, which monitors performance and seeks assurance through independent audit. We benchmark against other housing associations through Housemark, through the Regulator's global accounts, and report our comparative performance to the Board and set targets based on our knowledge of good practice elsewhere in the sector.

We are regulated by the Regulator of Social Housing which publishes a standard setting out its requirements in respect of value for money. We welcome the new value for money standard and have adopted the new performance metrics in this statement.

This annual assessment of value for money is published in full on our website (www.womenspioneer.co.uk), and summarised in an annual report for tenants.

Measuring Value for Money

Our value for money assessment below considers the following:

- the return on our assets
- comparing performance
- providing social value
- value for money achievements
- future value for money plans

Value for Money – Return on Assets

Our existing property portfolio is a mix of rented and leasehold properties funded by original private investment, grants, reserves and recent loans. The asset management strategy was reviewed in 2016 and confirmed that Women's Pioneer would retain attractive, well located stock in good condition that generates surpluses. A methodology has been agreed for systematic options appraisal and where stock does not meet these criteria disposal is arranged to achieve the highest market value.

Our responsive maintenance service is supported by professional advice, on site staff presence for diagnosis and a post inspection regime. Resident satisfaction surveys are provided after every repairs visit and contribute to contractor appraisal. We benchmark our performance through Housemark and the cost of our service to a basket of similar small providers.

The installation of and improvements to the group's lifts and communal heating and hot water plant is co-ordinated to coincide with other planned works and term contracts are in place for long term maintenance to keep the cost as low as possible.

Planned maintenance is benchmarked through Housemark. The programme is informed by a stock condition survey and supervised by external consultants to ensure appropriate cost and quality. It is fully costed and provided for within the business plan and budgets approved by the Board. This includes our 'more than decent' programme that systematically improves older stock, enables work to be carried out in the most cost effective way and reduces our direct responsive maintenance costs.

During 2018 we expect to deliver 13 new properties which will be let at market rent. This completes our 'hidden homes' programme. This programme was borne from the assessment of all our buildings to appraise their potential for providing additional or larger homes. In total 30 new homes have been delivered. All rental investment activity is expected to payback within 30 years using the current risk weighted long term cost of capital for the organisation. In this way we are improving the return on our assets within our long term business plan capacity.

As a group, including the 13 properties in development, we will own and manage 22 market rented properties. The rental income received from these properties is substantially higher compared to our social housing properties. By diversifying our assets the higher income streams will help support future development aspirations of the organisation.

Regarding development, the Board have recently set a target of achieving 15% growth over the next 5 years. This includes diversifying our housing asset streams further to include shared ownership. This has been factored into the long term financial plan, has undergone stress testing and will put the organisation in a stronger position over the long term.

One major project in achieving this growth is the redevelopment of our offices and properties at Wood Lane which will deliver growth of 50 homes (5%). This is an excellent example of maximising our current assets, whilst minimising financial risk. During 2018 we will be entering into contract with a developer to begin this exciting project. We will also be exploring other similar opportunities.

Value for Money – Comparing performance

Key performance indicators monitored by the Board are reported below:

	Target	2017	2016	Housemark Quartile
Rent collection rate (over 12 months)	100%	99.3%	99.7%	-
Current resident rent arrears	3.75%	3.34%	3.18%	1
Rent loss due to voids	1%	1.30%	0.83%	4
Void re-let time	28 days	45 days	31 days	4
Repairs completed on time	98%	98.3%	99.0%	-
Average cost per repair	£190	£189	£177	3
Satisfaction with repairs	95%	95.9%	94.4%	2

Performance has been satisfactory in 2017. Rent arrears have remained within target and we have worked hard to assist residents with benefit issues including those who are now in receipt of universal credit instead of housing benefit. The repairs team have also performed well and satisfaction has remained high.

There have however been increases in void re-let times and void loss rate. This is due to a combination of the following:

- A number of properties being held vacant whilst we undertake a decant programme
- As a result of the fire at Grenfell Tower, a number of void properties were held vacant pending the response of the local authority.

Value for Money Metrics

The regulator has recently issued value for money metrics to ensure performance to be measured consistently for each Registered Provider. We have adopted these which are reported below:

Indicator	2017	2016	Commentary
Reinvestment in development and capital works	4.8%	1.9%	We have delivered 4 new flats and continued to invest in our existing properties through the 'more than decent' programme. In addition we have started to invest significantly in our Wood lane site which will deliver growth of around 50 new homes
New supply delivered (Social housing units)	0.4%	-	Delivery of 4 new flats in 2017.
New supply delivered (Non-social housing units)	-	-	We currently have 4 properties in development at the end of 2017 and a further 13 properties in the pipeline.
Gearing	29.8%	30.0%	Loan finance has been used to complete the delivery of 4 new flats.
Interest cover including capitalised repairs (EBITDA-MRI)	56.7%	77.5%	We continue to invest significantly in our existing buildings through the 'more than decent' programme.

Indicator	2017	2016	Commentary
Social housing cost per unit	£6,830	£6,556	A detailed analysis is explained below
Operating margin (Social housing lettings)	20.5%	18.9%	Additional grant amortised to the SOCI has improved the operating margin for social housing properties
Operating margin (overall)	15.8%	18.9%	A provision for homeloss has been made for our Wood lane site which being re-developed. This has reduced the overall operating margin as well as the return on capital employed. However when this site is re-developed it will provide around 90 new homes (growth of c50 homes) which will improve our margins significantly in the longer term.
Return on capital employed	2.0%	2.3%	

Social housing cost per unit

The value for money metrics include the social housing cost per unit. This can be broken down into the following cost headings:

Cost per home	Average unit cost (2016/17)	Women's Pioneer (2017)	Women's Pioneer (2016)	Global accounts Quartile	Housemark Quartile
Housing management	£1,080	£1,035	£1,097	2	3
Service charges	£650	£1,308	£1,408	4	4
Responsive maintenance	£930	£992	£864	3	1
Planned maintenance	£380	£1,633	£1,601	4	4
Major repairs (including capital works)	£780	£1,543	£1,486	4	4
Other social housing costs	£770	£319	£100	2	-
Headline social housing costs	£4,590	£6,830	£6,556		

The average unit cost is based on the 2017 HCA global accounts and has been refined to include traditional Registered Providers in London and the South East with less than 5,000 properties and with more than 70% general needs stock. The average cost above is based on 13 Registered Providers.

The overall cost per home is significantly higher than the average unit cost, especially with regards to service charges, planned maintenance and major repairs. The key reasons are explained below:

- The cost of providing services is due to the nature of the stock of which 98% are flats in West London. Each flat has a service charge attached to them which can be very significant depending on the services being provided. The costs of services are reviewed on a regular basis to ensure we make efficiency savings where possible.
- With regards to planned maintenance we invested heavily during 2016 and 2017 as we have aligned our cyclical maintenance works with our hidden homes programme. In addition, enhanced health and safety work also contributed to the high costs in 2017. Future spend on planned maintenance will be lower over the longer term in line with the asset management strategy and financial plan.

- The cost of providing major works includes capital works. This is significantly high compared to our average peer group due to the level of investment made in our existing buildings as a result of our 'more than decent' programme.
- Due to the location, type and age of our properties (mainly) they can be expensive to maintain and improve and can require significant investment. Many are 19th century properties in Kensington and Chelsea and a significant number are listed or in conservation areas.

Our future plans on Value for money (discussed below) inform how we plan to increase our margins and reduce our social housing cost per unit.

Value for Money – Adding Social value

Where possible, we aim to add social value. Our overall vision is to make a positive difference to women's lives. Our work plays a vital role in tackling gender inequality.

Our work under objectives 1 and 3 of our Corporate Plan enables us to provide good quality, safe and secure homes for women who have difficulty finding and keeping accommodation in the private sector. This helps them to achieve their potential in society. Our work under objective 2 further supports our residents' independence and well being.

In achieving this objective we aim to work effectively with partners, LAs and other organisations to offer residents access to support with benefits, employment and training opportunities as well as IT training. We have already established a partnership with Staying First which helps to provide residents with independent debt advice and also Best Chance who will help us to provide IT training, employment opportunities and a befriending service.

Our work under objective 4 raises the profile of women's housing issues and influences other housing providers to also do more to meet women's housing needs.

Value for Money achievements

During 2017 we achieved the following:

- We saved approximately £110k in interest payable in the year. This is due to renegotiating one of our facilities and achieving a fixed interest rate of 1.05% for 4 years. The facility was previously divided into a number of loans at variable interest rates and a fixed interest rate of 5.46%.
- We implemented a rent payment predictive software which has assisted our housing team in targeting arrears cases more efficiently. This has enabled our rent arrears to remain below 3.5% despite the number of residents receiving universal credit increasing from 21 to 83.
- Repairs satisfaction rates remain high at 94%.
- Whilst energy costs continue to rise, we managed to successfully procure a £14,000 reduction in heating and hot water costs through a procurement agent.
- Procurement of a number of services has led to savings of approximately £23,000.

Value for Money Future Plans

2018 and beyond will see significant changes within Women's Pioneer as we start to deliver on the objectives set in our new corporate plan. Value for money initiatives include:

- Development of a new resident engagement strategy to enable residents to work with us to improve and redesign our services, including through the Scrutiny Panel.
- Development of a home and service quality standard, meeting or exceeding legal obligations and regulatory standards.
- A detailed value for money review of capital investment programme which includes More than decent Void works
- A review of our contract management systems to ensure that we are obtaining VFM from our contractors and that performance meets our standards and expectations
- Work effectively with partners, LAs and other organisations to:
 - offer residents access to support with benefits, employment and training, including IT training
 - provide information on social, health and leisure activities locally
- A full review of our treasury arrangements to ensure we are financed in the most efficient way to deliver our objective of delivering 15% growth over the next 5 years.
- We will continue to procure services such as the lift contracts, utilities and our IT services.

Any value for money achievements and savings will be reported at each board meeting in conjunction with the key performance indicators.

In addition, as part of the new corporate plan, the Board have recently set a target of achieving 15% growth over the next 5 years. This includes diversifying our housing asset streams further to include shared ownership. This has been factored into the long term financial plan, has undergone stress testing and will put the organisation in a stronger position over the long term. This will significantly improve our operating margins and cost per social housing property managed.