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**VALUE FOR MONEY**

**STATEMENT**



# WHAT THE VALUE FOR MONEY STANDARD SAYS:

From 1st April 2012 a new regulatory framework came into effect, requiring English housing associations to publish an annual value-for-money self-assessment.

‘’Providers shall publish a robust and transparent and accessible self-assessment which shall:

* Enable stakeholders to understand the return on assets measured against the organisation’s

objectives

* Set out the absolute and comparative costs of delivering specific services
* Evidence that the value for money gains that have been and will be made and how these have and will be realised over time’’

**Source: Homes and Communities Agency (replaced by Homes England in January 2018)**

**OUR VISION:**

PHA Homes strives to provide good quality affordable homes and excellent services

We aim to achieve and deliver this in harmony with our Value for Money ambitions

# WHAT WE MEAN BY THE TERM “VALUE FOR MONEY”

‘Value for money’ (VFM) is a term used to assess whether an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.

Delivering VFM is synonymous with running an effective social business.

PHA Homes embraces a value for money culture and demonstrating value for money is a core business plan objective. We work hard to ensure that we achieve this. Through the careful use of resources, we continually strive to deliver efficiencies and improve the quality of our accommodation and services. This has been supported by the Resident Satisfaction Survey results.

The Chief Executive sets objectives and allocates resources appropriately to achieve the best possible outcomes. This includes effective asset management, developing the skills of the staff by appropriate staff training and valuing their contribution, having efficient business practices, including robust risk management and identifying potential changes to improve value for money.

PHA Homes aims to ensure that we are delivering competitive, high quality services that represent value for money for our residents.

Our approach is:

* Achieving our aims in the most efficient manner, at the best possible price and being able to demonstrate it i.e. the optimal use of resources to achieve the intended outcomes.

Achieving VFM is also often described in terms of the ‘three E’s’ - economy, efficiency and effectiveness.

The definition of the three E’s is as follows:

* **ECONOMY-** careful use of resources to save expense, time or effort.
* **EFFICIENCY -** delivering the same level of service for less cost, time or effort.
* **EFFECTIVENESS -** delivering a better service or getting a better return for the same amount of expense, time or effort.

Through VFM we seek to achieve:

* Resources directed towards the organisation’s key priorities and objectives.
* A balance between cost and performance
* Tenant satisfaction

# HOW WILL WE KNOW IF WE ARE DELIVERING VALUE FOR MONEY?

Our performance outcomes will be good. This will ensure that tenants and staff feel confident that we are providing value for money services.

The key organisational measures that will demonstrate we are delivering value for money are:

 Internal monitoring and external benchmarking.

 Financial performance monitoring to include ‘return on assets’ and ‘surplus as a % of turnover’

 Effective treasury management

* Transparency in our reporting that will demonstrate to residents how the money has been spent.
* Showing the social value of what we do
* A housing management service that is comprehensive and responsive to the needs of our tenants.
* A maintenance service that ensures repairs are dealt with promptly, effectively, and efficiently.
* An asset management strategy that ensures the most effective use of property assets and maintain our homes to the highest standards.

 Regular comprehensive reviews of our services

 A commitment to facilitating the involvement of residents in influencing how we deliver the services to them

Using external benchmarking data via our membership of SHAPE and Acuity (a member of HouseMark) to determine how PHA Homes is performing against our peers both locally and nationally

 Membership of a development consortium, Wayfarer which enables PHA Homes to call on a greatly enhanced range of skills and resources, and to raise out profile locally and in the sector.

# VALUE FOR MONEY GAINS:

Reduced overheads By regularly reviewing contracts and internal processes for

greater efficiencies

Choice based lettings fees Negotiated reduced fees saving £6k per annum.

Re negotiated management service contract

Disposals of high value and high maintenance stock

Increasing income under the contract of £6k per annum

Increasing income by the disposal of high value, high-cost properties to support our development programme.

Saving in long term stock maintenance.

Accessing LA grants Grants of £950k in recent years to support our development

programme

Increasing income Providing management services for an annual fee.

New development flats include PV installations where possible. These generate FIT income each year.

Reviewing existing contracts Cost savings have been identified with the photocopier

resulting in average cost savings of £130 per quarter.

Following training on the OMNI system several tasks were identified that could be carried out more efficiently using the OMNI system.

Changes to the system now allow repairs orders to be emailed direct to contractors & their mobile phones.

Planned boiler replacement.

PHA Homes is currently examining procurement efficiencies with SHAPE members for services such as Audit, HR etc.

Savings on Loan Commitment Fees

For instance, the way in which HB is now input onto tenants rent accounts has changed and resulted in the time taken to be significantly reduced. Annual rent increase work has also been significantly reduced.

Significant savings in time and photocopying.

In 2014 this saved £20k and in 2015 this saved £12k

As a member of SHAPE, we have now procured HR support services at very competitive rates on a ‘rate per hour’ fee basis which will produce significant savings as and when the service is required. Audit services & Insurance have also been tendered.

PHA Homes saved £20k on the commitment fee with a Bank facility by utilising an existing loan facility. This facility released more funds whilst utilising existing equity.

We have also released additional units currently encumbered against old loans thus increasing our unencumbered stock portfolio for future funding facilities.

Savings on court costs Court hearings are now applied for ‘online’ with a

resultant reduction in court costs of £30 for each case. This will result in savings for both the organisation and tenants. In addition, there is a significant saving in staff time, paperwork and postage.

Rechargeable works policy Ensures repair work required because of a tenant’s behaviour is paid for by the tenant.

Disabled Facilities Grant Small adaptations are funded by PHA Homes but by accessing

DFG for larger projects such as bathrooms PHA Homes saves on the provision on average of 1 adapted bathroom per annum at £3.5k

As a social business we believe that there are two measures of performance:

1. The financial return on our assets
2. The social & environmental value of our investment in our business activities

# FINANCIAL RETURN ON ASSETS (ROA):

Return on assets is the ratio of net income to total assets of a business for a financial year. It is a profitability ratio rather like the operating margin and measures the efficiency of a company in using its assets to generate net income. It is calculated as follows:

**Net Income (Before or After Interest) Total Assets**:

In 2020 PHA Homes’ ROA before interest was 3.5% and ROA after interest was 2.1%.

**SOCIAL VALUE:**

Social housing providers do not solely exist to maximise surpluses but have a social imperative to

improve tenants’ wellbeing and life chances.

“Social value” is a way of thinking about how scarce resources are allocated and used. For example, it involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when an organisation chooses to award a contract.

Thinking ‘social value’ should shift the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. How a service is delivered is considered along with what is delivered.

However, the social value for some activities e.g. increased confidence cannot be assessed against a monetary value. In such cases there is an element of judgement against the cost of the service provided.

The social housing sector has long been committed to investing in initiatives to strengthen communities and to aid individuals, through a belief in the positive social impact created by these activities. One outcome of the current economic climate is a growing recognition of the significant contribution of this social value creation in the assessment of value for money.

Social housing providers do not solely exist to maximise surpluses but have a social imperative to improve tenants’ wellbeing and life chances. The idea of demonstrating ‘social value’ has become important for several reasons. First, organisation’s that sell goods and services increasingly want to show that they are not just making profits but that they are giving back to communities or the environment in some way.

Secondly, charities and other businesses with social objectives frequently need to identify more clearly the value of what they do and, if possible, to measure it.

Finally, new legislation, the Social Value Act, took effect in January 2013 and requires public bodies and housing associations to consider social value when they procure services.

The Sustainable Procurement Task Force defines social value as a ‘process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy.’

Taking the wider view of social value means that this area of work becomes integral to the

organisation’s overall objectives such as: -

* Demonstrating the overall value of the organisation’s work
* Judging the value of different initiatives
* Sustaining investment in communities
* Encouraging community participation
* Complying with regulatory requirements

Demonstrating the overall value of the organisation’s work is about wanting to show that the

organisation’s bottom line is more than just financial surpluses or reserves. We should consider how we invest in our tenants and the housing stock in wider ways. As well as building and maintaining homes, what contributions do our activities make to wider social goals?

Encouraging community participation:

All social housing providers aim to involve the communities in which they work. However, this is often seen as a cost without a measurable return. Adding social value strengthens the case for investing in our communities.

Complying with regulatory requirements:

The wider view of social value is endorsed by the HCA’s regulatory framework which requires housing associations to have ‘a robust assessment of the performance of all their assets and resources (including for example financial, social and environmental returns)’’

This means that social value should no longer be measured in financial terms. Indeed, bodies well known for their social values often report their social achievement in non-monetary terms e.g. the Nationwide Building Society and its ‘citizenship strategy’.

# HOW PHA HOMES IS DELIVERING SOCIAL VALUE:

For PHA Homes, proportionality is the key i.e. not applying complex methodologies to small projects. As a smaller association PHA Homes needs to be aware of its resources in a way that larger organisations need not necessarily do so. However, this has advantages in that staff in all roles are required to tackle a greater diversity of tasks than those in a larger organisation.

One of PHA Homes’ greatest contributions to social value is the very quick, personal and responsive service that we do deliver to our customers daily and this is also a benefit of being a smaller, local association.

However, in recent years PHA Homes has been even more aware of its wider responsibilities to our communities and has initiated several schemes, either alone or in partnership which do deliver social value. Examples of this are:

Skills and training opportunities Back to work scheme with Community First Bursary Award

scheme

Work experience scheme

Offering workplace experience to school leavers

Employment opportunities Back to work scheme with Community First Bursary Award scheme

Work experience scheme

Paying all staff above the living wage

Encouraging community engagement

Inviting all tenants to annual walkabouts Tenant working parties

Resident Scrutiny Panel

Community activities

Cost savings Members of SHAPE & Acuity – procurement savings

HR support scheme and joint training.

Boiler programme– procurement savings.

Acting as a managing agent & generating income.

PVs on roofs – income generation & energy efficiency

Development services – Wayfarer consortium.

Robust management of contracts & management agreements

Operational efficiencies – applying for court hearings online, efficient use of the housing management system, savings on bank charges, saving vat by using local contractors.

Tendering process for larger contracts & developments.

Partnership working Partnership working – EHDC, SHAPE, Wayfarer etc.

Managing our assets Hard landscaping programmes

Refurbishment programme for communal areas

Design element in new developments Landscaping of communal areas

Fuel poverty & energy efficiency measures to include effective insulation to all properties

Carbon Monoxide detectors in all PHA Homes properties with gas

Regular reviewing and unencumbering assets where possible to release equity for future development funding

Supporting local people Hardship Fund

Allpay – for ease of rent payment

Aids & adaptations

Bursary Awards

Work experience

Offering workplace experience to school leavers Employing local people and contractors

# HOW DO WE COMPARE WITH OTHERS?

By comparing our performance against other associations PHA Homes can determine how effective we are and where we can target improvements and greater efficiencies to ensure that our tenants and stakeholders receive the best possible service for their money.

PHA Homes is a member of SHAPE (Small Housing Associations Pursuing Excellence) This is a benchmarking club and enable us to review our performance against others.

**\*Acuity =** Smaller Providers Benchmarking. The service is provided in partnership with HouseMark. HouseMark is the leading provider of integrated data and analysis.

HouseMark is a Performance Indicator benchmarking club for Arm’s Length Management Organisations (ALMOs), Housing Associations and Councils in England. It aims to improve performance and efficiency in social housing and to improve business effectiveness.

More than 950 housing organisations are HouseMark members, and they are jointly owned by the Chartered Institute of Housing and the National Housing Federation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Annual Benchmarking Data** | **PHA Homes** | **SHAPE median** | **Acuity median** | **HouseMark median** |
| Lettings as % of stock | **9.30** | **6.50** | **5.00** | **n/a** |
| Average re-let times (calendar days) | **18.40** | **21.80** | **17.80** | **27.50** |
| Rent collected as % of rent owed | **100.10** | **100.20** | **100.00** | **100.00** |
| CTA % | **1.10** | **2.70** | **2.80** | **3.40** |
| Management cost per unit | **313** | **313** | **389** | **279** |
| Responsive repairs & void costs per unit | **275** | **877** | **702** | **279** |
| Major & cyclical works cost per unit. | **328.00** | **1108** | **1097** | **1410** |
| Overhead costs as % of turnover | **19.00** | **18.5** | **16** | **13.1** |
| Annual repairs spend as % of turnover | **26** | **31** | **25** | **-** |
| % void rent loss | **0.4** | **1.2** | **1.1** | **0.9** |

# RESULTS OF THE RESIDENT’S STAR SURVEY

# CARRIED OUT IN 2020:

STAR (Survey of Tenants and Residents) is a tenant satisfaction survey which asks tenants core satisfaction questions. The survey enables PHA Homes to measure tenant satisfaction with our services and to benchmark our services against those of other housing associations to identify service improvements.

STAR surveys are sent to all tenants every two/three years.

The 2019/2020 review of the STAR survey resulted in slight changes in the core questions.

Where possible comparison with the results of the PHA Homes STAR survey 2017 are given below.

|  |  |  |  |
| --- | --- | --- | --- |
| **QUESTION** | **RESULTS**  **2020** | **RESULTS 2017** | **COMPARISON** |
| Response rate | 89.3 | 69.5% | Smiling Face with No Fill |
| Are you happy with the service provided by PHA?  Taking everything into account how satisfied are you with the service provided by PHA Homes? | 93% | 93.2% | Sad Face with No Fill |
| How satisfied are you overall with your home?  How satisfied or dissatisfied are you with the overall quality of your home? | 88% | 97.4% | Sad Face with No Fill |
| How satisfied or dissatisfied are you with your neighbourhood as a place to live?  How satisfied or dissatisfied are you with your neighbourhood as a place to live? | 88% | 93.7% | Sad Face with No Fill |
| Do you think that the rent and charges you pay are value for money?  How satisfied or dissatisfied are you that your rent provides value for money? | 94% | 91.9% | Smiling Face with No Fill |
| How satisfied are you with the way that PHA deal with repairs and maintenance?  Overall, how satisfied, or dissatisfied are you with the repairs service you received in the past 12 months? | 89% | 85.8% | Smiling Face with No Fill |
| How satisfied are you that PHA listen and take account of your views and acts upon them?  How satisfied or dissatisfied are you that PHA Homes listens to residents’ views and acts upon them? | 84% | 81.7% | Smiling Face with No Fill |
| Thinking specifically about the building you live in, how satisfied or dissatisfied are you that PHA Homes provides a home that is safe and secure? | 93% |  | Comparison not available |
| How satisfied or dissatisfied are you that PHA Homes is easy to deal with?? | 91% | - | Comparison not available |
| How satisfied are you with how easy it is to contact PHA Homes? | 96% | - | Comparison not available |

# CONCLUSION:

Value for money is something that PHA Homes has always embraced. We have a duty to our residents, partners and stakeholders to provide services as cost effectively as possible but without sacrificing quality or resident satisfaction.

However, we are also able to demonstrate our ongoing commitment to providing Social Value as highlighted by our activities above. Clearly there is no room for complacency, and we must continue to challenge ourselves in what services we deliver and how we deliver those services not only on terms of cost but in what added value we can provide.

In recent years PHA Homes has already achieved considerable savings by working more efficiently and effectively and reviewing the way in which we deliver services, using alternative suppliers of goods and services and working in partnerships.

We have achieved VFM and will continue to do so by:

* Closely monitoring our performance and our results to ensure we continue to provide a cost effective and efficient service.
* Forming partnerships with local agencies, other associations and the local authority that will help PHA Homes to do things better and more effectively.
* Carrying out services for others to bring in an additional income.
* Disposing of non-performing assets.
* Using small, local contractors which saves on VAT.
* Reviewing contracts and monitoring their performance to ensure they continue to offer value for money.
* Asking tenants for their feedback to ensure that the services we provide meet tenant’s

aspirations and are of a high standard.

* Carrying out regular service reviews with tenants to ensure that we continue to deliver services that our tenants want and at a cost that represents value for money for them.
* Regularly reviewing our management processes to increase efficiency and costs.
* Comparing our ‘return on assets’ and our ‘surplus as a % of turnover’ data with others in the sector.

All this will ensure that PHA Homes delivers excellent services, is financially sound and remains a well-managed organisation both now and in the future.

This statement has been designed to demonstrate and highlight PHA Homes’ approach to achieving value for money. It should not be assumed that this is our only document where we demonstrate our commitment to this topic. From our Annual Report and Financial Statements through to our regular newsletter to tenants, all of which can be found on our website, we continually highlight the different ways in which we achieve VFM. [**www.phahomes.co.uk/publications**](http://www.phahomes.co.uk/publications)



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