

STEVE BIKO HOUSING ASSOCIATION VALUE FOR MONEY STATEMENT 2018

Our context and purpose

Steve Biko Housing Association (SBHA) was formed by Liverpool's Black and Ethnic Minority (BME) community as a direct result of race discrimination in Liverpool's social housing allocations policy. Registered under the regulators BME strategy to provide quality homes for those in need.

Our Vision "Homes and Communities without Racism" and Mission "We will provide housing and related services that are responsive to the needs of BRM Communities and will enable tenants and local communities to influence and challenge social and economic structures that contribute to or entrench discrimination and disadvantage by putting racial equality at the heart of our work" sets out clearly the focus of our work.

Our work then is very much centred around providing good quality homes which represent value for money, empowering tenants and local communities and advocating on their behalf all directly through the equalities lens, our tenant and community regeneration service is recognised as a vital anchor organisation in a very challenging area. We help support and work with numerous community organisations within our neighbourhood. We work in partnership with individuals and a wide variety of community, and statutory organisations to identify issues, develop and deliver tenant engagement and empowerment activities as well as cohesion activities that bring our tenants and wider sections of our diverse communities, young and old, from all backgrounds and sections of the community together sharing experiences, learning and developing people and solutions.

In this aim we have:

- delivered a digital inclusion project with young people and elders to be social media safe and to learn to use mobile technology
- delivered our Young Persons Annual Achievers Celebration
- delivered a Multi-Generational Big Lunch
- organised community meetings and marches to promote dangers of guns and knives and community responsibility

Our strategic influencing work:

- Chair Liverpool City Region Equalities in Housing Group – Sub group of LCR Housing Group
- Chair Liverpool's multi agency Strategic Hate Crime Group
- Member of CitySafe Board – Liverpool's Strategic Crime and Community Safety Group
- Member of Liverpool's Community Cohesion Forum
- Member of Liverpool's Inclusive Cities Panel
- Member of LCR Fairness and Social Justice Board

Our approach to value for money and our strategic approach

SBHA's Value for Money Strategy was approved in June 2014, the review and renewal of this strategy was extended from 2017 until after the social housing regulators own review of the Value for Money Standard. Our Value for Money Strategy will be renewed November 2018.

As a small BME Housing Association achieving Value for Money has been central to the way we work. The Board and staff team believe that being efficient and effective is crucial to our success in delivering quality services to our tenants. We are committed to ensuring that we are making the best use of our resources and that our business planning and performance monitoring systems and efficiency mind set aid us in our desire for continuous improvement and to ensure we maximise the efficiency and quality of our services and asset base.

We are in the process of working with our Repairs & Maintenance Managing Agent, South Liverpool Homes (SLH) in delivering our Asset Management Strategy. We are in the process of reviewing the way we appraise the return on assets so that it is done in a consistent way to ensure that we are making the most effective investments in the right properties at the right time.

In 2017 our Value for Money Statement set out how the Board had decided in 2016 to carry out a review of our repairs and maintenance service. This culminated in us changing the way we procure our repairs and maintenance service. In April 2017 we appointed Housing Maintenance Solutions (HMS) as our main contractor for repairs and maintenance and estate management services. In August 2017 we appointed (SLH) to act as our Repairs & Maintenance Managing Agent, to provide contract management and consultancy services to ensure delivery of the HMS Contract. SBHA engaged RAND Associates to manage the procurement process and their report identified that SBHA will make efficiency savings. These efficiency savings were achieved and £40k was saved of which £32k was reinvested in additional works. The HMS contract has provided improved customer experience and improved key performance systems. For example we have moved to a fully computerised Gas Servicing System eliminating paper records and therefore, reducing likelihood of administrative errors. Our routine repairs target of 21 days is now being met within 7 days.

Following the local authority decision not to fund support cost through housing benefit, we carried out a review of our sheltered housing service. Following the review, the Board agreed that we would implement changes of service at our sheltered scheme Hector Peterson Court following consultation with tenant. We are also still benefiting from renegotiated utility costs fixed in 2016. The Board also took the decision to purchase our office 3 Yanwath Street, reducing revenue costs, these actions will lead to annual savings of £42k over the life of the business plan from our original base position 2016.

We also set out to build on our youth employability programme to develop and deliver employment and training programme for our customers to enable them to improve their skills and capacity therefore, increasing their employability. We have not been able to secure external funding for this during the year, however, we have partnered with Riverside to host a job club that our tenants and wider community are able to access.

We have:

- Invested £149k into our properties by delivering the second year on our five-year planned window replacement programme
- Converted two very small hard to let flats into one desirable flat
- Completed a full year of the new repairs and maintenance service delivered by both HMS and SLH
- Appointed RAND Associates to carry out a full evaluation of both services. The review is due to be completed end September 2018
- Commenced a 5-year electrical test programme for all properties
- Implemented the change of service at Hector Peterson Court Sheltered Scheme

- Agreed terms and purchase price of Office 3 Yanwath Street Liverpool 8 and awaiting completion
- Held a drop-in job-club in partnership with Riverside Housing Association at SBHA offices

Value for Money

In April 2018 the Regulator for Social Housing launched a new Value for Money Standard, which includes a set of metrics. Registered Providers are now required to report their performance against the metrics annually in their financial statements.

Business Health & Efficiency & Regulator for Social Housing Metrics

Performance	Indicator	Metrics No	SBHA GN / Support 2016/17	SBHA GN / Support 2017/18	NW Peer Group Median 2017/18	SBHA GN / Support Forecast 2018/19
No. of Units			267	265		275
Business Health	Total Operating Margin	6	15.60%	16.20%	22.4%	16.14%
	Social Housing Operating Margin	6	15.47%	15.36%	26.55%	14.97%
	EBITDA MRI (as a % of interest)	4	126.40%	99.38%	307%	151.00%
<i>Efficiency</i>	Gearing	3	18.96%	21.03%	18.68%	23.02%
<i>Efficiency</i>	Reinvestment % investment in properties (existing stock and new supply as % of the value of total properties.	1	1.24%	3.34%	4.14%	4.73%
Operating efficiencies	Headline Social housing costs per unit.	5	£4,105	£4,235	£4,195	£4,018
	Rent Collected as % of rent owed (excluding arrears b/f)		100.70%	100.10%	100.00%	100.00%
<i>Efficiency</i>	Overheads as a % of adjusted turnover		11.86%	11.99%	14.33%	12.40%
Effective Asset Management	Return on Capital employed % compares the overall operating surplus to total assets less current liabilities	7	1.60%	1.63%	3.40%	1.67%
	General Needs Occupancy		98.49%	98.74%	99.64%	98.25%
	Ratio of responsive repairs to planned spend		0.69	0.70	0.60	0.84
<i>Efficiency</i>						
Development Capacity & Supply	Units Developed		0	0	0	
	Units Developed as a % of units owned	2	0	0	0	
<i>Effectiveness</i>						
Outcomes Delivered	Customers satisfied their rent provides value for money		84%*	86%**	87.84%	84%

Performance	Indicator	Metrics No	SBHA GN / Support 2016/17	SBHA GN / Support 2017/18	NW Peer Group Median 2017/18	SBHA GN / Support Forecast 2018/19
	*2011 survey results *2015 survey results					
	£ invested for every £ generated in new housing units		£0.00	£1.07		£1.22
	£ invested for every £ generated in communities		£0.013	£0.027		£0.018
	BME Lettings Target set at 45% based on demographics of area.		81.1%	61.1%		

The NW peer group includes:

Alpha Homes HA	Forum HA
Arawak Walton HA	People First HA
Acron HA	Pioneer NW HA
Ashton Pioneer HA	Prima Group – Pierhead HA
Crosby Homes HA	Prima Group - Leasowe CH HA
Eldonians Community Based HA	Warrington HA
Family HA	Wirral Methodist HA

Business health

The Associations operating margin currently stands at 16.20%. SBHA has 265 units and forecast 276 units by year end 2019. Our Business Plan shows a period of growth at 10 units per year to enable us to gain critical mass to reduce our costs per unit.

Operating Efficiencies

The Associations headline social housing costs per unit are currently just over £4,000 per unit. The Association provides an intensive housing management service delivering services in very challenging neighbourhoods. Our size exacerbates the high cost per unit. The Associations growth strategy together with efficiencies will see a reduction in our headline social housing costs per unit.

One of the results of our intensive housing management service is achieving circa 100% rent collection rates at a time when welfare reform is having a major impact upon our tenants and the communities in which we work. Princes Park Ward where the majority of our homes are situated has 23% of its wards within the 1% most deprived of the country; 69% of Ward in 10% most deprived wards nationally.

Effective Asset Management

Return on capital employed is currently low, we anticipate that this figure will increase as the associations growth strategy of developing 10 units per year is realised.

Occupancy levels at Steve Biko Housing Association achieved 98% occupancy rates which is very high levels of occupancy, reflecting our intensive and housing management service.

Ratio of responsive repairs expenditure to planned spend is 0.68% which is comparable to our NW housing association peers.

Development Capacity & Supply

Whilst we have not completed any 'new supply' developments, SBHA is undertaking the significant refurbishment of two large villas, 5 units and are on site, a further 4 units are due to be completed in November 2018. Both properties are a result of stock transfer, and had been vacant for many years. We therefore have brought these properties back in to use, helped with solving blight in a neighbourhood and kept 9 units in the social housing sector whilst meeting our own growth strategy.

Our gearing levels have increased from 19% to 21%. This reflects the use of our existing resources to fund the refurbishment of empty properties as they have become available.

Outcomes Delivered

Our last full STAR Survey was undertaken in 2015. Customer Satisfaction by tenants that their rent provided value for money was at 84%. We are currently conducting a full star survey summer 2018.

We currently spend 2.7p in each £ on tenant participation and community regeneration activities this expenditure enables the association to deliver against its vision and mission.

SBHA has a target of achieving 45% of our lettings to BME people. This target is set to reflect the 45% BME population in Princes Park and Picton wards, the main wards in which we operate.

Our successful performance against these new metrics is highlighted in the table below.

Benchmarking

SBHA is part of the Acuity NW Benchmarking Group that oversees the collection of data. This report uses the data taken from NW Acuity Benchmarking Group It is our intention for 2018/19 to explore benchmark against Housing Associations in inner city areas in the north of the country that have between 250-500 units. This will enable a more realistic comparison against associations that are nearer to our own size.