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# Annual Value for Money (VFM) Statement 2015/16

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*“To provide the best housing services to our customers  
while developing the potential of migrants and refugees  
in London.”*



## 1. Introduction

- The Regulatory Framework for Social Housing in England from April 2012 sets out the requirements for registered providers to publish an annual self-assessment demonstrating how they are achieving value for money in meeting their business objectives. At ARHAG we can demonstrate how we have achieved value for money while meeting our business objectives.

## 2. Our strategic approach

- The Board considers VFM periodically, both as a standalone item and as part of the consideration of wider aspects of our work. These considerations are informed by a long standing commitment to extensive resident engagement, which includes involvement at Board level and a strong resident voice on our Resident Scrutiny Panel, which helps determine an appropriate balance between service improvement, growth and cost efficiencies. In addition, residents were routinely consulted on service charges expenditure.
- ARHAG's Mission Statement states it aims "to provide the best housing services to our customers while developing the potential of migrants and refugees in London". In order to deliver the objective Arhag has developed a number of interlocking activities. The Social Inclusion Strategy is focussed on working with residents to raise their awareness and skills so that they can be more competitive in the labour market. At the same time, in delivering these initiatives, performance data demonstrates high levels of resident satisfaction with repairs' service delivery and other housing management activities.

- Over the last 5 financial years, ARHAG has achieved a 30% growth in the number of properties it owns. The growth aligns itself to the Mission Statement outlined above.

### 3. Our four key VFM strategic objectives are:

- Achieve value for money in the provision of goods, works and services,
- Use procurement methods that are proportionate and appropriate to our requirements,
- Encourage diverse and competitive market supply,
- Ensure probity.

From this strategic framework we have set ourselves challenging annual corporate targets when compared to our best performing peer Associations.

For 2016 these were:

- 1) To continue to perform to the highest level in the delivery of quality services to our residents,
- 2) Our current rent arrears (general needs units) to be in the top quartile at no more than 3 percent of total gross rent due for the year,
- 3) Our resident satisfaction to be in the upper quartile of performance.

The Association's resource allocation process struck a balance over our long term financial forecast and our Business plan. These major plans were supported by an annual budget, development strategy,

welfare reforms strategy, I.T implementation strategy and service improvement plans.

## 4. Delivering value for money

Our achievements in 2015/16

### **Return on assets**

- Our ambition is to acquire or develop a sustainable portfolio of homes for the long term. Our growth strategy in this cycle was a combination of sweating our existing assets and acquiring via the stock rationalisation market. We continued in the year to pursue growth via social rents. This enabled us to deliver more units and to remain in our preferred segment of the market. We acquired in the year 85 units at a deep discount. This was completed in June 2015.

### **Optimising our return on assets**

- To fund our development activities, £8 million was drawn out of a £10 million loan facility arranged in 2014/15. We also took advantage of historically low interest rates to fix over the entire life of the loan i.e. twenty years, at 4.585%. This resulted in annual savings of 0.415% (£33,200) above the business plan/budget assumption of 5%.
- All our homes are in the London area and these are with high property values. The total rental income charged was significantly below that which would have been achievable in the open market. This social dividend enabled our residents to continue to live in communities that they would have otherwise found difficult to afford.

- In addition, during the year the Association continued its strategy to review its asset portfolio for potential development of properties. The review conducted in 2014/15 had revealed the possibility of developing an additional 200 units subject to planning investigations with the relevant local authority.
- One scheme, 2 X 2 bed houses, on a spare plot of land, granted planning during the year is at the early stages of development. We are currently exploring with the planning authorities another spare plot with a potential of 8 units. In addition to developing housing units we are in discussions with 3rd parties about realising other potential income streams. We will continue to explore our strategy of optimising our returns on our existing assets.

#### **Value for money in the provision of goods, works and services**

- Apart from having close performance monitoring, both of financial income and expenditure, the organisation continues to promote initiatives which add "social values". Therefore, there are a number of initiatives supported by ARHAG aimed at what is known in the social housing business as "social inclusion". Initiatives such as Start Your Own Business, initiatives to ensure individual residents are helped to prepare themselves for interview, when employment opportunities arise. Concurrently, ARHAG has sought to assist residents with advice and information to help them to manage the negative financial consequences which sometimes arise because of the changes in the welfare benefits system.
- In the past few years alone, we have managed to sustain and/ or improve the quality of our services on a number of cost, efficiency and quality indicators. Resident satisfaction with our services has remained high over the last few years.

<b>VFM analysis</b>	<b>ARHAG 2016</b>	<b>ARHAG 2015</b>	<b>Peer group median* 2016</b>
Resident satisfaction with responsive repairs	90.1%	90.3%	N/A
Resident satisfaction with planned maintenance	100.0%	100.0%	N/A
Current rent arrears	2.5%	2.3%	3.8%
Rent collection as % of rent due	100.5%	100.4%	100.1%
Rent void losses as % of gross debit	0.34%	0.16%	0.46%
Voids as percentage of stock	0.8%	0.0%	0.2%
Gas safety certificate	99.9%	100.0%	100.0%

Overall resident satisfaction: STAR\*\* (2014) 78% - a new STAR will be carried out during 2016/17.

\* Peer group median: HouseMark benchmarking with London Registered Providers up to 2,500 units (general need homes only).

\*\* STAR: Survey of Tenants and Residents.