

Value For Money Self-Assessment

2019/20

Introduction from the Chair of the Board and Chief Executive

At One Vision Housing Ltd (OVH), Value for Money (VFM) sits at the very heart of everything we do. Ever since our inception in 2006 we have strived to be one of the best registered providers in the country, offering excellent value for money (VFM) in the services we offer to our customers. Our strategic approach to VFM is intertwined into all of our service planning and delivery – this can be demonstrated via our VFM objectives that are strategically linked to the overarching objectives of OVH. This VFM self-assessment, provides a year-end position statement for 2019/20 in achieving the following VFM objectives for OVH:

- Maximising our social value
- Best use of our assets and resources
- Cooperation and collaboration through self-delivery
- Regulatory compliance and customer involvement
- Maximising opportunities through procurement
- Excellent performance and customer satisfaction

To date we have developed and deployed a robust and challenging approach to the pursuit of VFM. Since 2006 we have made over £110m of efficiency savings (£12.4m in 2019/20) as well as delivering high quality services that meet our customers' expectations and improve our services to them. This can be demonstrated by the high levels of customer service achieved in 2019/20.

Our strong financial position and refinancing deal has underpinned our ambitious development programme, with £188.8m committed to deliver new homes. During 2019/20 219 homes were developed against a forecast of 228 homes in the year.

We continue to be committed to our corporate social responsibilities - to maximise our social value reduce our impact on the environment and use our position to make our neighbourhoods a positive place to live.

As employers we are delighted to be recognised for our investment in our people by winning Great Places to Work in the large category (as part of the Sovini Group), and achieving the Investors in People platinum award standard. VFM is fully embedded within our organisational culture, with 96% of staff saying that the organisation has set clear targets and objectives. This helps us to achieve our strategic aims and objectives, and enables us to meet the risks, challenges and opportunities that lie ahead.

Details of the outcomes achieved in delivering our VFM Objectives are found within this Value for Money self-assessment for 2019/20. In our view, this self- assessment does more than simply demonstrate our compliance with the Regulator of Social Housings (RSH) VFM Standard. We believe this self- assessment demonstrates that VFM sits at the heart of everything we do and is a key component of our continuing success.

What is Value for Money (VFM) at One Vision Housing?

We are clear that for One Vision Housing value for money is about:

- an excellent customer experience;
- clear outcomes directly linked to the way we spend our money; and
- using the innovative Sovini group business model to drive efficiency through our Sovini group partners.

Due to our clear strategic approach to VFM planning and transparency in reporting VFM to key stakeholders, we believe that the association is compliant with the Regulator of Social Housing's (RSH) Standard for Value for Money.

What is our vision?

Our vision is "Thriving inclusive communities'. The way we use our resources is a crucial foundation in our Strategic Plan 2019-24 that allows us to progress our corporate aims and objectives, and therefore this VFM self-assessment for 2019/20 is reported under our strategic aims:

- To provide the environment to deliver business success
- To provide homes that meet demand, in safe, secure and sustainable neighbourhoods
- To provide excellent services that meet or exceed customer and stakeholder expectations
- To make a positive impact in the communities in which we operate

We are clear that value and excellent customer service are closely entwined. We always aim to excel in the way we deliver services, which runs alongside our Performance Management Framework (PMF), which details the mechanisms for monitoring and reporting performance, costs and outcomes for our customers. We use our Risk Management Framework (RMF) to assess and calculate our risks and stress test our business plan.

Our value for money approach is applied from Sovini group level and directly links to the Sovini group purpose 'creating opportunities and changing lives'. The OVH VFM Strategy sets out how the organisation will drive efficiency. The VFM objectives as set out in our strategy are:

1. Maximising our social value
2. Best use of our assets and resources
3. Cooperation and collaboration through self-delivery
4. Regulatory compliance and customer involvement
5. Maximising opportunities through procurement
6. Excellent performance and customer service

We want to use the VFM savings we make to deliver the highest quality social housing services to our customers and to extend this offer to new customers by building new homes.

Our Board

Our approach to VFM is driven from the very top, with the Board strategically leading the organisation through the implementation of an OVH specific VFM Strategy. The board direct VFM through their business planning process. They establish a budget and through regular review and scrutiny throughout the year they assess the quality of service and the performance against the budget. This is supported by a robust business plan that the Board have stress tested during 2019/20 to ensure it continues to meet the needs of the business and is robust enough to take into account any emerging risks. The board always make business decisions with VFM in mind alongside the strategic aims of the organisation.

Our vision is to have 'thriving inclusive communities' and this is delivered through sustainable neighbourhoods, supported by quality services meeting the needs of our customers. The Board regularly receive business intelligence that allows them to understand and deliver to the needs of these neighbourhoods, so that sustainability can be maximised and that the organisation can respond (as necessary) to changes in a timely and effective manner.

The 2019/20 base budget sets more stretching financial performance targets than the approved business plan. This is produced using zero based budgeting to ensure that our core operating costs are affordable and to determine what additional resources are available for growth and service improvement priorities as identified in our service delivery plans.

The OVH VFM Strategy has been approved by Board and the VFM Objectives are linked through to OVH's overall Strategic Objectives within the 2019-24 Strategic Plan.

The Board receive 6 monthly VFM reports which provides an update on achieving the VFM Objectives linked to the overarching Strategic Objectives. They also receive 6 monthly Service Deliver Plan updates, and Quarterly Key Performance Indicator Reports again linked to delivering the Strategic Objectives.

VFM Objective - Maximising our Social Value

OVH measures its impact on society and the social value it has generated via HACTs Social Value Calculator. This information is reported to Board in detail and certified on an annual basis.

The HACT certification of the activities below has shown that we have generated over 26 million pounds of social value for the 2019/20 year, which gives a £22.25 return on every £1 invested. A summary of these activities can be found in **Table One**.

Please note, as these figures have not been certified by HACT, they are subject to change.

Table One – Social Value Activity (HACT definition) 2019/20

Description of activity	Budget for this activity	Number of beneficiaries	Social value generated	Social value return
One Vision Housing: Letting Properties to Those in Temporary Accommodation / Rough Sleeping	£72,000	437	£4,228,015	1 : 58.72
OVH Customer Access Team: Digital Access suite in Coral Drive	£11,055	796	£1,088,420	1 : 98.46
OVH Neighbourhood Services: Clear Rent Accounts	£813,364	1,246	£7,456,655	1 : 9.17
OVH Home Contents Insurance Scheme	£23,026	559	£1,923,944	1 : 83.56
Customer Empowerment Team: OVH Involved Tenants	£36,000	80	£333,719	1 : 9.27
One Vision Housing - Employee Training	£70,000	177	£227,925	1 : 3.26
OVH Neighbourhood Services: Decoration Allowance	£101,066	114	£553,117	1 : 5.47
OVH Financial Inclusion Officers	£57,000	1,172	£10,516,396	1 : 184.50
One Vision Housing - ProVision (Providing Housing to Ex-Offenders)	£1,000	3	£24,057	1 : 24.06

The details of these final, certified activities and figures will be reported via OVH's Annual Report, which will be published to all stakeholders in September 2020. Full details will also be included on the OVH website.

VFM Objective - Making the best use of our assets

As at 31st March 2020 the total value of OVH's housing assets, including market rent investment units, is £249.8m, up from £206.4m on the 31st March 2019. This reflects an increase in the asset value. Other fixed assets (Atlantic House and Boaler Street HQ) are valued at £7.5m.

OVH's stock numbers increased during 2019/20 following the implementation of the OVH Development Strategy, which saw 137 social housing units completed. The change in Supported properties is where units have changed to General Needs properties.

Table Two: OVH Stock figures and changes during 2019/20

Low Cost (Social) Rental Accommodation

Stock type	2016	2017	2018	2019	2020	Change from 2019 to 2020
General Needs	10,999	10,945	10,915	10,907	10,917	+10 units
Intermediate Rent	-	14	14	70	128	+58 units
Affordable Rent	49	194	293	319	398	+79 units
Supported Housing	1,067	1,060	1,035	1,041	1,031	-10 units
Total low cost social housing	12,115	12,213	12,257	12,337	12,474	+137 units

Low Cost Home Ownership and Leasehold

Stock Type	2016	2017	2018	2019	2020	Change from 2019 to 2020
Shared Ownership	29	119	142	204	235	+31 units
Leasehold	586	594	604	601	605	+4 units
Total non-social housing	615	713	746	805	840	+ 35 units

Source: Figures are taken from the OVH SDR

Forty four RTB sales were completed during 2019/20 with £0.9m paid to Sefton MBC under the terms of the RTB Sharing Agreement. Seven RTA sales occurred generating £535k of sales proceeds.

In 2019/20 219 new homes were developed, nine less than forecast. The total grant secured in 2019/20 was £6.89m. Total grant tranches received from prior and current years in 2019/20 was £7.66m.

In 2019/20 61 first tranche sales were completed, generating receipts totalling £3.7m, exceeding the forecast sales budget by almost £370k. There were 10 unsold shared ownership plots at the end of the year of which two were sold subject to contract, with completions expected in Quarter One 2020/21. There were no properties that had been unsold for 6 months following handover.

The development programme will continue to be reviewed from a contractual / non-contractual perspective to assess cash flow, key risks, and available headroom.

OVH's Asset Management Strategy sets out the approach taken to maximise the long term sustainability of its stock, focusing particularly on the financial and social returns they generate now and in the future. The OVH Sustainability Index has been a fundamental part of the Asset Management Strategy, which was approved by Board in October 2015, as it enables financial evaluation to be undertaken at property level. It enables us to monitor the long term performance of OVH's property portfolio by establishing the 30 year net present value (NPV) of the income and expenditure relating to the housing stock. The methodology was audited by Beever and Struthers in 2020, their recommendations are being incorporated into the model for 2017-2020 that is currently being developed.

The Sustainability Index currently contains 12,361 properties with a calculated NPV of £185m (average of £15k per property). The majority of properties (63%) have a positive NPV, a quarter (25%) have an NPV of plus or minus £10k. 12% have an NPV of less than minus £10k. 113 properties have an NPV of less than minus £50k. During 2019/20 the data from the SI has been used as part of the appraisal for flats in Galsworthy Avenue and Thackeray Gardens, Albert Road, Radstock Road and Nelson Street.

This process of information based appraisal and review is key to understanding our stock base and making sure it is sustainable over the next 30 years. The sustainability index is due to be updated in Quarter One 2020/21, and will undergo analysis and review by the Asset Management Steering Group.

A review of void processes has been undertaken which has resulted in reduced relet times down from 22.3 days in 2017/18, to 19.1 days in 2018/19 and then dropping dramatically to 9.6 days in 2019/20. This reduced the amount of rent lost due to properties being void reducing from nearly £300k in 2017/18, to £178k in 2018/19 and down to just £18k in 2019/20.

OVH continues to maximise its income and manage its resources effectively through improved operational performance and proactive budget management and review throughout the year. Rent collection performance was the best in OVH history in 2019/20 at 100.56%, £323,971 more than the annual rent debit. The business plan prudently reflects 98% (2% recurring bad debts) and a further 3.2% (£1.7m) contingency to offset the impact of Welfare Reform. Particularly; UC digital roll out. Gross current tenant rent arrears at 31st March 2020 were £2.3m. Which means we continue to work to collect rent and aim to achieve our target of 100.09% rent collection in 2020/21.

Proactive budget management and review throughout the year has resulted in efficiency savings exceeding the 2019/20 targets, which forecast that OVH would achieve £1.7m of operating cash efficiency savings by year-end 2019/20. Performance during 2019/20 is detailed in Table Three and this shows that savings of £4.2m of operating cash efficiency savings have been achieved, and £12.3m of efficiency savings in total.

Table Three: 2019/20 year-end position statement of Annual Efficiency Savings (provisional outturn)

Service Area	How Achieved	Cash	Non Cash	Total
		Releasing £0	£0	AES £0
Net Rental Income	Improved rent collection, void loss (compared to Business Plan) Leaseholder and FTA Collection	1,994	0	1,994
Management Cost	Vacancy, pension contribution and overhead cost savings	376	200	576

Development Programme	Lower fees (2.6%) and abortive/ marketing costs to budget	616	0	616
Other Activities	Higher market rent and Leaseholder major works income to budget	322	0	322
Other Savings	Lower Hardship Fund, Reorganisational and Pension Bond costs	417	0	417
VAT Shelter Income	Additional Vat Shelter Recovery	303	0	303
AES Gains - From Operating Activities		4,028	200	4,228
Gift Aid	SDL Gift Aid / Sovini Board	67	0	67
Other Activities	Additional RTB / RTA sales and profit on Shared Ownership / Staircasing sales	429	0	429
Development/ Other Grant	Year End Grant	7,656	0	7,656
Total 2019/20 AES Gains		12,180	200	12,380

Source: OVH 2019/20 VFM Compliance Statement (Provisional Outturn)

VFM Objective - Maximising opportunities through procurement

The plan is in line with the objectives specified within the Procurement Strategy (2019-22). During 2019/20 efficiencies of £452k were delivered through procurement.

Key projects that delivered these savings were:

- Oxford House Refurbishment
- Housing Management System
- Provision of Mobile Phones & Data
- Orrell Lodge Lift Replacement x 2
- Performance Management System
- Development Consultancy Framework
- Legal Services Framework
- Asset Related Management Services – Dynamic Purchasing System
- Leasing of Multi- Functional Devices
- Provision of Gas/Electricity
- Delta e-sourcing quick quotes

The Procurement team streamlined efficiencies during 2018/19 by introducing a number of new online ordering portals that included stationery and clothing. These efficiencies continue to add value in 2019/20 as a result of re-engineering processes by taking out unnecessary steps and operational costs in raising a purchase order through to payment.

The Delta e-sourcing portal continues to be utilised for all procurements in line with the financial regulations set out within the Procurement Strategy and financial management plan. The portal provides a compliant, transparent and accessible tendering tool for all staff and suppliers. The portal also holds the contract register and the approved supplier list for OVH which continues to be managed and maintained throughout the financial year. In 2019/20 savings of £348k were made by using the Delta e-sourcing portal, shown in Table Four.

Table Four – Procurement savings using Delta e-sourcing

Contract	Saving
CCTV system upgrades across various sites	£103k
Principal Designer (PD) & Construction design and Management (CDM) Advisor Duties	£101k
Structural Surveys, Report, Schedule of Works and Resurvey Timescales	£89k
Stock Conditions Surveys	£15k
20 Osborne Road works	£13k
Behavioural Change Management	£12k
11 Bellini Close works	£6k
139 Oriel Drive works	£6k
Fernley Grange works	£3k
Total	£348k

Source: OVH Procurement tracker

Procurement activities from previous years continue to be monitored and as a result further savings in year 2019/20 of almost £150k (see Table Five), with further savings in relation to Careline services will be confirmed. The activities listed below will continue to generate savings during the course of the contract duration.

Table Five – Procurement Savings in 2019/20 from previous year’s actions

Previous Contracts Awarded	Savings
Careline Monitoring Services	To be confirmed
Asbestos Surveying	£74,213
Legionella Service	£37,484
Lift Servicing and Maintenance	£37,922
Total	£149,619

Source: OVH Procurement tracker

The Procurement Team recently benchmarked the 2018/19 VFM report with other RP’s in association with Beevers and Struthers (internal auditor) partner. When comparing the VFM report it highlighted that other RPs were recording the top 10 approved suppliers (annually) by spend. We completed this analysis and it showed that of the top ten contractors, the levels of spend reduced for eight of the ten in 2019/20, compared to 2018/19. The two with increases were both linked to the development programme.

VFM Objective - Cooperation and collaboration through self-delivery

Asset Management Contract

Board Members were informed in February 2018 the outcome of the Asset Management Tending process which included works comprising repairs, planned, voids, services and new build. This was awarded to SPS and the Carroll Group. Performance of the contract is monitored by officers via the monthly Asset Management Contract Core Group meetings. It was agreed with Board that updates on the performance of the contract, from a VFM perspective, would be brought to the Board via this report.

During 2019/20 a HQN audit was completed on behalf of SPS resulting in the retention of the Gas Accredited and Contractor Accredited awards. Key findings from the report were that:

- “Performance is extremely creditable. The average relet time is the timescale we would expect from the very, very best performing organisations. An average repair timescale of 10 days, excluding major works, is amongst the highest performance we see in other accredited organisations. Sovini is achieving this level of performance including major works.”
- Compared to other organisations in their database, SPS delivered good value for money to OVH.
- A VFM assessment of a sample of reactive repairs gave a strong indication of very good management controls of high cost repairs.
- The performance of services being delivered had improved compared to the previous audit, which was already strong performance.
- “Extremely high levels of performance are being sustained and maintained by the gas servicing and maintenance team.”
- SPS have progressed all the recommendations from the previous audit and had a positive, enthusiastic culture that embraced the audit feedback

The HQN will audit the service against the standards again in 2020/21.

Lettings

We have retained the contract to be the lead provider and administrator of Property Pool Plus in Sefton. We regularly attend Board meetings and have trained staff to make sure the system works to both the benefit of our customers and us.

Development and Investment

OVH and continue to use the Carroll Group for a range of services including investment works, cleaning, waste management, asbestos removal, scaffolding and grounds maintenance services. Customer satisfaction for these services has increased year on year, indicating a high quality service is being received.

Carroll Build had a target to complete 34% of the OVH development programme in 2019/20 and this target was achieved. The target is increased to 53% in 2020/21, and 67% in 2021/22.

VFM Objective - Regulatory Compliance and Customer Involvement

At the end of each Quarter during 2019/20 a self-assessment was undertaken on compliance with the regulatory standards. This included an assessment against the criteria within the VFM Standard. Full compliance during the year has been assessed and a detailed full assessment of compliance against all the standards and this will be brought to board for approval at the Board meeting of the 22nd June 2020.

During 2019/20 OVH were subject to a regulatory regrade, maintaining the Governance rating of G1, with a Viability regrade from V1 to V2. The regrade was made on the basis of increased and immediate spend on fire safety works, which was a decision the Board and Executive took to ensure our tenants remain safe in their homes.

A review of the Corporate Governance Framework for OVH took place during 2019/20 and the outcome was approved by Board on the 10th February 2020. This was to ensure that the framework continued to meet the revised VFM Standard alongside the current regulatory requirements and those of the adopted code of governance (the 2015 NHF Code of Governance).

We remain members of TPAS, following their advice for good practice and assess ourselves against their annual health check, including the recommendations into our Service Delivery Plan. In the most recent STAR survey satisfaction with OVH as a landlord had increased from 95% (2017/18) to 96% (2019/20).

VFM Objective - Excellent Performance and Customer Satisfaction

During 2019/20 OVH has continued to see improvements in performance with 5 out of 6 benchmarked KPI's achieving Top Quartile Performance compared to our peers (see specific Performance Report presented to this meeting).

Rent collection, relet time and void rent loss all produced the best ever performance during 2019/20, as a result of targeted projects to improve performance. Equally challenging stretch targets have been set for 2020/21 to sustain and improve on this performance.

Overall Satisfaction with services increased from 95% to 96% in 2019/20 as taken from our STAR survey, above top quartile performance of 93% when compared with our peers. The STAR survey results showed we remain top quartile for satisfaction with: your neighbourhood as a place to live, the quality of your home, the OVH listens to and acts on your views, and the value for money of rent.

Cumulative satisfaction from the transactional surveys in 2019/20 (Table Six) was 95.1%, just above the 95% target. Five of the twelve surveys exceeded their targets, five almost met their targets (several of these had high performance against very high targets), and two missed their targets.

Table Six – Transactional Survey Performance 2019/20

Tenant Satisfaction with:	2019/20	Target	Performance against target
Customer Access Centre	100%	95%	
Gas servicing	100%	98%	
Customer Service Centre	98%	95%	
Gas repair	98%	96%	
Adaptations	98%	97%	
Lettings	98%	99%	
Improvement works	97%	99%	
Repairs	97%	99%	
Cleaning services	89%	92%	
Grounds maintenance	88%	92%	
Anti-social behaviour	85%	92%	
Complaint handling	63%	75%	
Overall satisfaction (combined figure)	95%	95%	

The provisional performance within the OVH VFM scorecard is detailed in Table Seven of this report. It details performance for 2019/20 measured against the indicators comparing performance with 2018/19 and 2020/21 forecasts. It also provides detailed commentary on the outputs for each of the measurements for review by Board Members to satisfy themselves that this meets Value for Money.

Table Seven – OVH VFM Performance 2019/20

Indicator		Prior year Actual 2018/19	Current year Provisional out-turn 2019/20	Next year Forecast 2020/21
1	Reinvestment %	22.74%	20.68%	22.27%
2 (a)	Operating margin	22.54%	22.12%	21.41%
2 (b)	Operating margin (Social Housing Lettings)	20.07%	18.89%	21.58%
3	EBITDA MRI (as a percentage of interest)	148.3%	111.2%	51.3%
4	Units developed (Social Housing units)	194	219	184
5	Units developed (as a percentage of units owed)	1.5%	1.7%	1.9%
6	Gearing	71.34%	77.95%	81.85%
7	Customers satisfied that their rent provides value for money	96.1%	96.1%	96.0%
8	Return on capital employed (ROCE)	5.22%	4.96%	4.91%
9	Ratio of responsive repairs to planned maintenance spend	0.17	0.15	0.12
10	Headline social housing cost per unit	3,794	3,865	4,266
11	Management Cost Per Unit	1,079	896	950
12	Service Charge Cost Per unit	219	248	255
13	Maintenance Cost Per Unit	1,160	1,094	1,102
14	Major Repairs Cost Per Unit	1,263	1,588	1,914
15	Other Costs per Unit	73	39	46
16	Rent collected	99.6%	100.6%	100.9%

This information was shared with and approved by OVH Board as part of the VFM update report on the 11th May 2020.

- 1 Reinvestment reflects the impact of the development programme and investment works in existing properties. Development expenditure for 19/20 reported £0.6m higher than budget, however the Investment works showed £4.2m lower than budget mainly due to delays in the Fire Programme of £2m and Impact of COVID 19 during March. The 20/21 Programme is currently being reviewed due to this impact and will be re-profiled.

- 2(a) & 2(b)** Operating surplus achieved of £13.2m is £0.6m higher than anticipated Year End reforecast. . This is mainly due to lower level Investment Works and Capitalisation Levels specifically relating to the Fire Programme totaling £1.4m offset against a reduction in Management Costs of £0.8m.
- 3** EBITDA MRI is much higher than forecast for the year due to Capitalisation levels are a lot lower than expected by £5.6m (36%) lower than forecast due to delays in the Fire Works Programme & therefore the Total Assets value is lower than anticipated.
- 4 & 5** 219 handover units have been completed for the year. Shared Ownership incurring £38.7m Development Expenditure in 19/20. Due to the Covid Impact now forecasting 184 units for next year 2020/21.
- 6** Lower gearing ratio than predicted for year reflects the completion of £38.7m work of new build properties. The OVH Assets Costs has increased by £37m because of this within the year.
- 7** Year on year improvements in customer satisfaction with services, the survey is completed biannually, so performance remains the same in 2019/20 as 2018/19. Target set for 2020/21 to maintain top quartile performance. Next STAR Survey to run January to June 2021.
- 8** 4.96% reflects an operating surplus of £13.212 (£423k decrease from 2018/19) over a capital employed of £266.5m (total assets less current liabilities).
- 9** Capitalised Investment works was £5.6m lower than forecast primarily to do with the delayed Fire Programme.
- 10** Overall Total Headline CPU is much lower than anticipated for the year and reflects under-spends mainly in Capitalised Investment Repair works as highlighted above.
- 11** Management CPU is lower than forecast by £54 due to lower level Management Costs & Salaries during 19/20.
- 12** Service Charge CPU more or less in line with forecast as Service Charge Costs for 19/20 estimated at £3.150m.
- 13** Maintenance CPU is slightly lower than forecast which is attributable to the £153k underspend on Routine and Planned Maintenance.
- 14** Major repairs CPU is significantly lower than anticipated as a result of the £5.6m underspend on Capitalised investment works.
- 15** Other Costs CPU is lower than expected to date. These costs relate to bad debt write offs which was lower by £94k for the year.
- 16** Rent collection at yearend was 100.56% and is the most successful year OVH have had for rent collection since the organisation was formed. The target of 100% was exceeded, and sets us up well for achieving our target of 100.9% in 2020/21.

We continue to work with all our stakeholders including our board members, Business Assurance Committee (GBAC), customers, Sovini partners, the Regulator (RSH) and our funders to identify the following Value for Money priorities.

The board will continue to prioritise the services that matter most to our customers, whilst ensuring that as an organisation we continue to manage our income and investment to ensure we remain a viable and well governed organisation.

The content of OVH's VFM self-assessment is aligned and assessed against the RSH's VFM standard and therefore OVH Board have certified compliance with the VFM standard at the **20th July 2020** Board meeting.