United Housing Association

2016/17 Value for Money Self-assessment

1. Introduction

It is a regulatory requirement of the Homes and Communities Agency (HCA) that the boards of Registered Providers shall demonstrate to stakeholders how they are meeting the HCA's value for money (VFM) standard. As part of this, we are required to publish a robust self-assessment which sets out in a way that is both transparent and accessible to stakeholders, how we are achieving value for money in delivering our purpose and objectives.

United Communities is committed to delivering VFM. Our strategy is to operate our core services as efficiently and effectively as we can, delivering VFM so that we generate the maximum funds possible for investment in our communities, our existing homes and delivering new homes.

This self assessment is for 2016/17 and will outline:

- The Regulatory context and VFM Standard (section 2);
- United Communities approach to delivering VFM, detailing the framework and methodology (section 3);
- Progress against areas identified for improvement in the 2015/16 VFM self assessment (section 4);
- How United Communities meets the VFM standard and is maximising its assets in terms of financial, social and environmental returns (section 5);
- How United Communities uses benchmarking and analysis of costs to drive improvements and efficiencies (section 6);
- Details of VFM gains made during 2016/17 (section 7); and
- Plans for 2017/18 (section 8).

2. Regulatory Context

The Homes and Communities VFM Standard as set out in the Regulatory Standards for Registered Providers of Social Housing requires all Providers to 'articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting the organisations' objectives'.

Under the VFM Standard we must:

1. have a robust approach to making decisions on the use of resources to deliver our objectives, including an understanding of the trade-offs and opportunity costs of its decisions;
2. understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives;
3. have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance; and
4. understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

The Standard requires the Board to publish a robust self assessment which:

- 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; and
- Evidence the value for money over time.

3. Our approach to Value for Money

We published our new Strategic Plan in 2016. In this, we agreed that our purpose is:

"Alongside our partners we will work tirelessly to meet the need for affordable homes in a way which will help to regenerate our core communities and work with our residents, to provide More Than Just a Roof."

Our key priorities are to develop 500 new homes by 2021 and to focus our 'More Than' commitment on outcomes in our community which make the best use of residents' skills and aspirations. The plan also states that we will be efficient in everything we do so that we can dedicate up to 20% of our surplus to our 'More Than' activities.

The United Communities VFM Strategy aligns with this commitment and was revised in May 2017. Our "More Than" offer reflects our commitment to the responsible reinvestment of these surpluses in activities which have the greatest impact in the communities we support. At the same time, these activities make a broader contribution both to our own core business, through minimising the incidence and cost of evictions and increasing rent recovery rates and to the aims of our wider stakeholders, for example through the reduction of the benefits bill, minimising hospital admissions and saving on the costs of homelessness borne by local authorities.

Our “More than” approach is encapsulated in the diagram below:

VFM is an ongoing process and the Board recognises that VFM needs to be assessed continually. We maintain a suite of performance indicators that reflect the “Core” and “More Than” strands and the budget sets out the costs of our core business and the amount we choose to invest in “More Than” activities. The indicators ensure that the Board and other stakeholders can measure the performance of the core business, including trigger points for operating margin. At the same time, new measures gauge the effectiveness of our conscious investment in “More Than” activities to ensure that these are the right places to reinvest our surpluses.

Policies, procedures and strategies are in place to support United Communities and deliver VFM. These are reviewed and updated regularly and include:

- Financial Regulations – Standing Orders and Standing Financial Instructions to ensure robust financial management;
- Risk Management Strategy – to ensure risks are responded to accordingly and making best use of resources available. Risks, mitigating actions and assurance are reviewed and discussed by the Board via the Board Assurance Framework;
- Procurement Strategy – this ensures effective purchasing and contracting with social value and VFM being key;
- Asset Management Strategy (within “Looking after our homes”) – to ensure the best use of our assets; and

- Development strategy (“Homes for the Future”) – how we are delivering our development programme.

4. Progress against areas identified in the 2015/16 and 2016/17 VFM Self-Assessment

In the 2015/16 VFM self-assessment, the organisation identified progress against actions from the 2014/15 assessment and identified further actions to be addressed in 2016/17. In the table below we have detailed the progress made against all identified actions including where we have not achieved as much as we would have liked. This table complements the other VFM gains we have made which are outlined in section 5.

2015/16	Progress
Work towards the strategic objective of delivering 500 new homes by 2021.	We have completed 20 new units (BCHF) in 2016/17 and have identified 190 pipeline units (split 53 UHA, 67 BCHF). The delivery of new homes has always been a key priority and in July 2016 we revised our Strategic Plan “Towards 2021” which includes the ambitious target of delivering 500 new homes by 2021, which is set out within our ‘Homes for the Future’ supporting strategy.
Procurement guide published for all staff with practical detail on how to procure goods and services.	The procurement guide has now been published and is being used by our staff. The newly developed INTEND portal for procurement was implemented during the year in order to advertise and obtain quotations for contracts. This portal will increase efficiency and reduce the chance of mistakes in procurement when major contracts are tendered in 2017/18.
To implement a Document Management System to increase productivity and efficiency of staff.	At the end of 2016, we implemented and embedded a new centralised filing system, the “x drive”. This has led to an increase in efficiency with staff no longer needing to access two separate drives. The process also ensured that we archived appropriate information.
STAR survey for 2016/17 to follow up areas of dissatisfaction raised in the 2015/16 survey.	Following the customer feedback review in 2016, it was identified that there was a higher level of dissatisfaction of services from our BME residents. In order for us to better understand the reasons behind this, we arranged for a number of BME residents, who had previously complained or were dissatisfied with a services provide by United Communities (UC), to take part in focus group. Importantly, none of the members of the focus group felt they were being discriminated against or treated differently by UC staff because of their ethnicity or ethnic status.

	The main areas of dissatisfaction identified were: • Repairs Management (quality, response times, property maintenance); • Complaints management and communication with the organisation; • Service charges - cleaning and contractors service and quality • Staff and contractor attitudes; and • Lack of knowledge with regard to customers' personal circumstances. From the feedback, we have prepared an action plan which includes: • Follow up visits and phone calls to residents who are dissatisfied; • Develop more measures and training around customer service – this has been developed and measured through staff 1-1s; • Improve repairs service including contractor operative training; • Develop a better offer around anti social behaviour (ASB) – this saw the introduction of a new application for people to log and record ASB (known as the Noise App) and new policies developed. We are also a lead partner in zero tolerance around Domestic Abuse; and • Developed our service standards and promoted them through this feedback. This action plan will be monitored during 2017/18.
Roll out the “More than deal” to all new tenants in 2016/17.	In 2016/17, the More than Deal has been used on all our re-lets. We have used this in 66 lettings. The impact of this is being measured by housing officers over the forthcoming year but we have already seen a reduction in complaints on new sites, rubbish issues being addressed quicker and residents wanting to be active citizens.
To review our approach to Resident involvement and revise our Resident Engagement Strategy.	In 2016, we launched our “Community and Resident Engagement” Strategy which was co-produced through collaboration between residents and staff with external support from HQN consultants. Underpinning the strategy is the development of ‘United Voices’ which will be a virtual service improvement group to channel resident views through a wide range of opportunities. We also held two events - the AGM and the Residents’ Conference to engage residents. We held our first Residents Conference on 29 March 2017 with a focus on how we could improve our repairs service. The Conference was a success with a number of actions which we are working to implement.

	United Voices have so far reviewed and had input into a number of key policies and procedures including child safeguarding, domestic abuse, vulnerable adult safeguarding, starter tenancies and fixed term tenancies. We aim to grow United Voices as an effective feedback mechanism through training, contractor selection, policy feedback and mystery shoppers of our service.
Revise our Corporate Plan which comes to an end in 2017.	Our new Strategic Plan "Towards 2021" was approved by the Board and published in July 2016. This Plan incorporates some challenging targets particularly around delivering new homes and managing our assets. Towards 2021 has seven key priorities: 1. Develop an additional 500 homes over the next 5 years, of which at least 70% will be affordable and within our target communities. 2. Sustain at least 75% of our existing homes as rented and affordable. 3. Develop and manage all types of housing and property if this helps us to achieve our purpose. 4. Proactively make the best use of all our properties to maximise the provision of new homes. 5. Be efficient in everything we do, so that we can dedicate up to 20% of our surplus to provide residents with More Than Just a Roof. 6. Focus our More Than commitment on outcomes in our communities which make full use of resident's skills and aspirations. 7. Listen to our staff and residents so that they feel valued and have an effective voice in the strategic decisions we make and can co-design our services. The Board monitors performance against the Strategic Plan and the priorities on a six monthly basis.
Undertake a Governance Review with a view to streamlining structure to optimise effectiveness	Campbell Tickell undertook an independent Governance review of our Board in 2016. Key recommendations were: 1. Reduce Board members to 9 by the end of 2017. *The Board now been reduced from 12 members to 10.* 2. Chief executive to become a Board Member. *The Chief Executive joined the Board from November 2016.* 3. Disband the Operations Committee and HR Committee. *The Operations Committee has been disbanded and the HR Committee replaced with the Governance and Remuneration Committee.*

	The Board also undertook a skills audit during 2016/17 which showed that the Board has good knowledge and expertise in the key areas of our Business.
Develop our approach to fixed term tenancies, rent to buy, pay to stay and managing market rent	The Board approved our "Valuing Residents and Communities" supporting strategy in 2016. The Tenancy Management Policy was updated to reflect our approach to fixed term tenancies, rent to buy, pay to stay and managing market rent. Right to Buy has been delayed by the Government until April 2018 at the earliest but we will support its implementation when announced. Pay to Stay has been dropped by the government.
Growing tenancy support by identifying new partners and accessing external funding	As a community based housing provider, a great deal of the work we do has a direct impact on the health and wellbeing of our residents. This in turn leads to savings within the health and social care sector (H&SC). In order to evidence this, we are working on a project that aims to understand how our intervention work impacts the H&SC sector. We will then look to use this evidence to access grants or funding to assist us to achieve our 'More Than' objectives. Our aim is to secure wider partnerships with health professionals and the H&SC sector. We have completed an initial scoping meeting with representatives of UWE and the H&SC. As result we have identified 5 keys themes. Over the next 12 months we aim to work on developing these themes, in terms of health outcomes, as well as increasing our understanding of what others are doing in terms of health and housing.
Allocate 20% surplus to "more than"	In 2016/17, we invested 12% of our net surplus in "more than" activities. This includes our tenancy support services and community engagement team. In 2017/18 we have budgeted to spend 19% of our planned surplus on "more than" activities.
Robust stress testing and scenario planning	Our 2017/18 Long Term Financial Plan has been stress tested using nine different scenarios. This testing indicates the impact of isolated events on the organisation and whether they will adversely impact the viability. The plan has also then been tested using a 'Perfect Storm' scenario which combines several scenarios all happening at the same time for a short period. The steps to recovery were then devised so the organisation understands what we need to do to restore the viability of the organisation.

Investigate options for our repairs service going forward as a result of current contracts coming to an end in 2017	During 2016/17 we have started to explore the possibility of entering into a cost sharing group with another local housing association. The key drivers are improving our performance and reducing our cost. On 5th June 2017, the Boards of UHA and BCHF approved in principle the creation of a cost sharing group for responsive repairs and voids. The outline principles were approved by the Board 2017 and will be further developed in 2017/18.
Engaging our people – improving our employee retention rate and staff turnover	Staff turnover in 2016/17 has improved significantly from 27% in 2015/16 to 19%. This indicates that we are retaining staff with their skills and training crucial to the organisation. Staff sickness also improved in 2016/17 reducing from 7.73 days per employee to 5.14 days per employee. This equates to 18 extra weeks for the organisation. In 2016/17 we undertook comprehensive pay benchmarking. This exercise confirmed that, with the exception of three roles, our salary levels are at or close to the median. In order to ensure that we are transparent and clear with employees, the new benchmarked salary ranges have been published in April 2017 and benchmarking information has been shared where requested.

Whilst we have made good progress in the delivery of the VFM objectives and against the targets set out in last year's self-assessment, we recognise that there are a number of areas for improvement, particularly around refining our options appraisal model and investment in new homes. All areas for improvement have been incorporated into our action plans for the coming year and which will be monitored (see section 8 below).

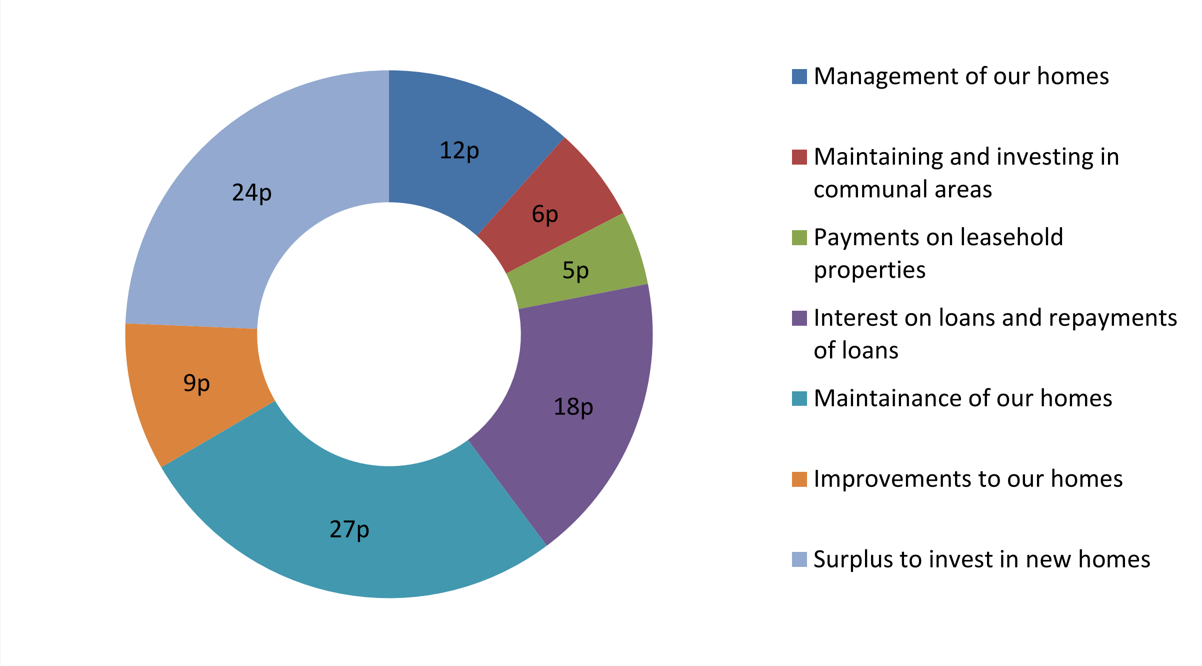
5. How we meet the Regulatory Standard

This section sets out how United Communities meets the Regulatory Standards, specifically:

1. That we understand the return on our assets and have a strategy for optimising the future returns;
2. That we understand the absolute and comparative costs of delivering our services and use performance management and scrutiny functions to drive improved performance; and
3. The Value for Money gains in 2016/17.

5.1 Return on Assets

In order to maximise the surpluses we generate from our core business to allow us to invest in new homes and 'More Than', we must ensure that we make the best use of our assets and optimise future returns. 99% of our income comes from rents and services charges on our properties. The chart below shows how each £1 of every customer's rent is used.



This section of the self assessment details how we ensure that we make the best use of assets in a number of key areas including:

A. Option appraisals;
B. Investment in existing properties;
C. Environmental investment;
D. Treasury management;
E. Social returns; and
F. Delivering new homes
G. Working in partnerships

A. Options Appraisals

In July 2016, the Board approved the "Looking after our Homes" supporting strategy. This strategy provides a framework to guide the development of our asset management service over the next five years. It covers our approach to responsive and void repairs, aids and adaptations, compliance and servicing work, major repairs, and refurbishment and option appraisals.

During 2016/17, UC developed a bespoke asset management model, which calculates 35 year NPV maintenance costs and income using stock condition data and current rent and service charges as well as open market values. Option appraisals can be triggered by factors such as properties becoming void, high maintenance expenditure or community factors. Properties which are 'flagged' are assessed using a standard evaluation process to identify ways to rectify performance or to use the asset differently, which could include a change in tenure or sale. There are currently 40 properties 'flagged' on the system, to be considered for options appraisals.

To date, the process has only triggered the conversion of 12 flats in Old School House to shared ownership from social rent after decanting tenants. In 2016/17, the emphasis was to reactively evaluate all void properties to see if a full option would be justified. This approach has had limited success due to the low number of 'flagged' properties becoming vacant. Out of the 65 voids in 2016/17, only 6 would have been suitable and of those, only 3 could have been used differently or sold because of lease restrictions.

The new Strategic Plan "Towards 2021" which was approved by the Board in July 2016 has a target of £3m net proceeds from disposals by 2021. In order to achieve this, we have a number of actions for 2017/18 including:

- continuing to improve the option appraisal model and roll out with full staff training;
- proactively target suitable properties that can be converted to shared ownership or other tenures; and
- look at sites within our housing schemes for opportunities for further development.

B. Investment in existing properties

We are a locally based housing association and our asset management is based on our good understanding of current housing stock and the area in which we operate. We hold internal and external stock condition data and aim to undertake a revised survey on 5% of our stock per annum. During 2016/17, we completed 2%. This was below our target because of staff gaps and changes but the aim is to exceed this in 2017/18.

We continue to maintain a 30 year stock investment plan, aligned with the business plan, with regular reviews of priorities and realignment of funding to meet the needs of the asset base and of our customers.

During 2016/17 £503k was spent on planned and major works, primarily the replacement of components within properties, to ensure continued compliance with the Decent Homes Standard. We achieved 99% of planned component works during the year. This is in line with our 2016/17 budget expectations.

C. Environmental Returns

We have set ourselves the target of improving the EPC ratings of all our properties to at least "C" by 2021 where economically achievable. There are approximately 187 properties (including "cloned" data) with EPC ratings less than C. Our action plan for 2017/18 includes scoping the costs to carry out this commitment however we have to find balance between using funds to achieve this alongside delivering new homes.

In 2016/17, we spent £110k on upgrading the energy performance of 19 Wilson Street properties with gas central heating and improved insulation plus energy efficient LED lighting to communal areas in 12 blocks.

D. Treasury

One of our largest areas of spend is on loan interest payments, totalling £858k per annum. Through liaison with external consultants we continually monitor the latest short, medium and long term financing products available.

In September 2016, the Board made the decision to explore the possibility of restructuring the existing long term facility with RBS. This decision was made on the basis that the facility has a gearing covenant which would restrict the ability of the organisation to borrow more funds to build new homes. The Board reviewed each option for the potential refinancing, using cost assessments over the 35 year financial plan and approved to restructure the facility rather than repay the facility and incur the break costs. The new restructured facility completed on 30th June 2017 and has given the organisation the capacity to deliver around 100 additional homes and has enabled BCHF to formally merge with UHA, saving £30k per annum.

Our effective interest is 3.6% compared to a sector average of 5% which means that we are paying lower interest on our loans and are therefore able to invest that money back into services and development. We have benefitted from the historically low interest rates on our variable loans with the Bank of England base rate at 0.25%.

We have 366 for UHA unencumbered properties which can be used support new funding. Using an average value of £70k per units, this would support £38m of additional funding which could finance around 276 new units.

In order to achieve our ambitious target of delivering 500 new homes by 2021, we will need to raise additional finance. This has been factored into our long term financial plan which has been comprehensively stress tested to ensure that we maintain our financial strength.

E. Social Return on assets

The achievement of positive social impact is a core element of UC's corporate strategy. United Communities engages in many activities which have an indirect financial return to the local and national economy. This important part of our work is both directly funded by us and complemented by external funding from a range of organisations.

- Understanding our communities

Our aim in 2016/17 has been to work with our residents and communities to co-design our services. By offering a variety of methods of communication with our residents we hoping to achieve an increase the ways residents interact with us. We plan to create new opportunities that enable our residents to challenge, scrutinise our performance and shape the services we offer. We can demonstrate how we have acted upon view expressed by our residents.

In 2017/18, our Housing Management staff have been asked to develop plans for their individual patches to better understand our community and to establish measures that can evidence how their work has improved community or individual resilience. We will look to record the number of residents who had not engaged previously.

To demonstrate how our residents are being heard, we invite resident to attend AGM, join the United Voices and attend the annual Resident Conference. We take the learning from these events and put it into practice.

- Challenging performance and improving services

We want to ensure our service is open, transparent and responsive. We monitor the number and nature of complaints or compliments received, focusing on what is learnt and look to ensure that there is genuine service improvement. This evaluation is completed through our annual 'Customer Feedback' report which highlights areas of services that have been improved as a direct result of resident engagement/ feedback

- Skills and employment

We are responding to welfare reforms issues by offering positive and proactive support to residents so that they have better employment opportunities. We recognise that helping our residents into work and training is one of the best ways we can support them to maximise life opportunities. We have been able to assist 129 residents in to training, volunteering or employment and we are committed to increasing the number of resident we help into employment to 150 over the next 5 years. We work with a wide range of partners, including Building Better Opportunities and Ways to Work, to support our efforts around employment, training or volunteer. We have been successful in securing funding for Working Lockleaze project, which has led to an increase in the number of residents wanting to become self employed and develop their own business.

- Building community resilience

We firmly believe that a community does not begin and end with the residents who live in one of our homes. We want residents to be better connected with their neighbours, their communities and become active citizens within their communities. The work that we do encourages our communities to respond to change and enables them to develop long term sustainable solutions specifically for their communities. We do this through partnerships with agencies so that we can create a better understanding of the communities where we have homes. We work with local partners such as Lockleaze Neighbourhood Trust, Buzz Lockleaze, Learning Partnership West, Southmead Development Trust, Up Our Street, Acorn, St Pauls Learning Centre and St Pauls Play Partnership. It allows us to better understand the challenges they face within their communities and enables us to work collectively in order that the community can respond with one voice.

Our role has been to both support and share, practical ways of identifying community resources, ensuring community assets are utilised and we improve the communication in communities. We have sponsored 2 local newsletters, ran by residents, and we are active in community social media programmes which has lead to us taking an active role to support our residents to engage locally.

- Tenancy sustainment

We are committed to providing support to residents in times of crisis to enable them to sustain their tenancy, increase financial confidence and remain independent. Over the last 12 months we supported 136 residents of which we prevent 11 from being evicted; as a result we saved the organisation £77,000 in cost. We prevented 53 people from going into hospital through referrals to Occupation Therapist for assessment, offered food bank vouchers, referrals to Care Direct /First Response/ Mental Health/Drug Support, assisted with deep cleaning and help residents tackle hoarding.

We want to grow this service in order to support residents move from dependency on help to self reliance. So they become active citizens in their community and make an impact on their future aspirations. In 2017/18 we are exploring the opportunity for this service to contribute towards wider health and wellbeing outcomes.

Measuring outcomes

United Communities evaluates the impact of these services to ensure that the outcomes represent good value for money. We use the HACT Wellbeing Valuation Approach to measuring the social impact of these More Than investments. The methodology assigns monetary values to an individual's increase in wellbeing resulting from a particular activity or intervention.

The table below shows some of the outcomes, comparing the level of investment with the level of return. Where appropriate, we have used values from the HACT social value bank to quantify the return on our More Than investments. All the returns were positive, but as the analysis shows, some investments were better value for money than others. Often smaller investments have the greatest impact. Note that the figures are combined BCHF and UHA.

More Than Investment	Summary Outcomes	£
Number of customers supported onto courses, volunteering or into work	• Advice provided to 46 people • 16 tenants supported into work • 14 tenants supported into volunteering • 12 tenants supported into training • 14 people supported to manage their own business	£304,856 (HACT)
External investment generate to spend in our communities	• External investment generated in 2016/17 totalled £120,189; youth engagement work, support into work, events and winter fuel payments for residents over 60.	£120,189
Number of tenancies sustained	• 11 tenancies were sustained during 2016/17	£147,000 (HACT)

		£77K to UC
Prevention of hospital admissions	• 53 potential hospital admissions were prevented during 2016/17	£1,055,440 (HACT)
Financial inclusion	• 16 referrals to external agencies and 26 referrals to food banks	£31,637 (HACT)
External grants obtained for our tenants	• The Tenancy Sustainment Team applied for 44 grants in 2016/17 and secured 29 totalling £11,490. These grants included funding for; new homes appliances and family support for our residents moving into their new homes with us.	£11,490
TOTAL		**£1,670,612**

F. Development

In 2016, the Board approved our revised Development strategy "Homes for the Future". At United Communities, our approach has always been to do the most we can to address Greater Bristol's housing needs with the resources available to us. For this reason, building new affordable homes is a key driver in our strategic plan. The "Homes for the Future" strategy outlines UC's commitment to the following three objectives:

- Develop an additional 500 homes over the next 5 years, of which at least 70% will be affordable and within our target communities.
- Ensure that at least 75% of all our homes are rented and affordable.
- Develop and manage all types of housing and property if this helps us to achieve our purpose.

During 2016/17 we have been working hard to identify potential schemes. We delivered 20 new social rented homes during the year and we have a further 108 units in the pipeline. Out of this pipeline, 17 units will be completed during 2017/18 and 91 are expected to start on site.

G. Working in partnership

As an organisation firmly embedded in our locality, a key part of our strategy is to work in partnership with others. Our 'Working in Partnership' Strategy was agreed in 2016. Within this we have set out an annual Stakeholders' Engagement Plan which is being developed by the Board and Executive Team and is being used to guide our engagement with stakeholders. During 2016/17, to achieve our strategic priorities of 500 new homes and More Than, we developed our partnership working with the following organisations:

Bristol Community Land Trust (BCLT): UC host BCLT in our office and provides housing management and governance support. We are jointly developing an innovative housing scheme of 50 homes in north Bristol which will start on site in early 2018.

Bristol and Bath Regional Capital and HAB Housing: Together with HAB and BBRC we are co developing an environmentally sustainable 150 home mix of open market, ethical market rents and affordable homes on the Dunmail Road site. This is an innovative joint venture using social finance that could be replicated elsewhere and is due on site in 2017.

Alliance Home: The repairs cost sharing group will utilise Alliance skills and capacity to deliver a repairs service for both UC and Alliance residents by late 2017.

Southmead Development Trust (SDT): We were invited by SDT to help them design and develop a delivery plan for the redevelopment of a shopping centre with up to 250 new homes.

Milestones Trust: We have continued to provide a housing management service for 80 residents living in Milestones Trust properties. This helps us to use some of our housing management capacity and contributes towards our More Than subsidy.

We also work closely with a number of key community and third sector organisations to deliver ‘More Than’, including Buzz Lockleaze, Up Your Street, Lockleaze Neighbourhood Trust and others.

6 Set out the absolute and comparative costs of delivering specific services

6.1 Sector Scorecard

In 2016/17, a pilot of the "Sector Scorecard" was launched as a tool for measuring efficiency within the sector by looking at a number of key indicators. UC has opted to take part in this pilot and this self assessment reviews our performance in these key areas. Where possible, our performance has been compared to the sector using the Global Accounts for 2016. The table below details our performance against the sector scorecard measures.

Indicator	What does this measure mean?	2015/16	2016/17	Global Accounts 2016	Narrative
Business Health					
1. Overall Operating Margin	This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities	35.5%	37.2%	28.4%	Operating margin has increased slightly from 2015/16 and remains higher than the sector average.
2. Social Housing Lettings Operating Margin		35.4%	37.2%	32.1%	As an organisation we have minimal non social housing lettings and as such, the indicator for operating margin for social housing lettings is in line with overall operating margin.
3. EBITDA – MRI as a % of interest	This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that UC is generating surplus cash over and above interest payments	296%	277%	158%	Although EBITDA MRI has dropped slightly in 2016/17 it remains significantly above the sector average. This indicates that the organisation has further borrowing capacity subject to risk, covenant and balance sheet constraints. We recognise that we have capacity and we have a commitment to put this into developing new homes. Our long term financial plan produced for

					2017/18 reflects a development programme of 357 units over the next five years (based on the merged plan with Bristol Community Housing Foundation). This plan sees EBITDA MRI dropping to 150%.

Development – capacity and supply					
4. Total units developed	This shows how many new homes have been developed by UC	11	NIL	N/A	Our focus in 2016/17 has been identifying sites and potential schemes and we have not delivered any new schemes during the year. We now have a 120 unit pipeline units with 53 at pre planning stage and expected to start on site during 2017/18.
5. Units developed as a % of units owned		1%	NIL	N/A	
6. Gearing	This shows the proportion of our borrowing compared to our assets. A high gearing indicates that an organisation has taken on too much borrowing however low gearing could indicate that the organisation has capacity to borrow more	39%	39%	49.6%	UHA has relatively low gearing compared to the sector average. UHA holds housing properties at deemed cost which reflects the valuation of properties on an existing use basis (EUV) in 2014. If UHA accounted for its properties on the cost basis rather than EUV then gearing would be much higher at around 90%.

Outcomes delivered					
7. Customers satisfied with the service we provide		76%	83%	N/A	Overall customer satisfaction has risen to 83% in the 2017 STAR survey.
8. £'s invested for every £ generated from operations in:					

In new housing supply		11p	7p	N/A	UHA has one site at the planning stage which is a scheme of 50 units being delivered in partnership with Bristol Community Land Trust. 25 of these units will be allocated to UC. This indicator will increase in 2017/18 once the project is on site and the pipeline progresses.
In communities		2p	2p	N/A	This includes supporting local community groups and events. Further information can be found on pages 12 and 13.
In tenancy sustainment		2p	2p	N/A	We are committed to providing support to residents in times of crisis to enable them to sustain their tenancy, increase financial confidence and remain independent. Further information on the work undertaken by the tenancy support team can be found on page 13.

Effective asset management					
9. Return on capital employed	This measure shows how well we are using our capital and debt in order to generate income	3.7%	3.6%	2.2%	In this indicator, UHA is performing ahead of the sector at 3.6% which is the result of a high level of fixed assets and current assets and relatively low creditors due within one year.
10. Occupancy	This measure demonstrates how efficient we are at turning around empty (void) stock	100%	100%	N/A	On the 31 March 2017, UHA only had one void property which was unavailable to let due to improvement works. During 2016/17, our re-let time was 13.63 days compared to the sector

					median of 27.78 days. This demonstrates that we are efficient as possible in turning around empty properties.
11. Ratio of responsive repairs to planned maintenance spend	This measure shows how we are allocating funds to planned maintenance as opposed to responsive repairs	147%	114%	61%	This indicator reflects where we are in our component replacement scheme. In 2017/18, this ratio is budgeted to be 70% due to planned improvement works.

Operating efficiencies					
12. Headline social housing cost per unit	These are the measures used by the HCA	£3,210	£3,260	£3,970	Our overall headline social housing cost per unit is below the sector median and is roughly consistent with prior year. See below for individual explanations.
Management cost per unit		£470	£640	£1,080	Management costs per unit have increased in 2016/17 from £470 to £640 primarily due to a change in the way we allocate central overheads. If 2015/16 unit costs were restated then these would be consistent with 2016/17. We are performing ahead of the sector in this indicator due to the restructuring of the Housing Team in 2015/16.
Service charge cost per unit		£430	£320	£530	Service charges are in line with the median.
Maintenance cost per unit		£1,670	£1,480	£1,010	Maintenance cost per unit has reduced from 2015/16 from £1,670 to £1,480 primarily due to a change in the way we allocate central overheads.

					This indicator remains higher than the sector median and is a key priority for us. During 2017/18 we have a number of contracts requiring re-tendering and we are progressing discussions with another Housing Association to set up a cost sharing group for responsive repairs. This could generate significant savings for us as an organisation and will give us an opportunity to improve our repairs service for our residents. We have set a target to reduce this by 5% per year to 2021.
Major repairs cost per unit		£340	£501	£890	Major repairs relates to our capital component scheme which is lower than the sector median. We plan our component spend over a 35 year period in line with expected lives and hence the expenditure changes year on year.
Other social housing cost per unit		£300	£319	£470	This relates to payments on our leased properties. We have 84 properties on 35 year leases and have a commitment to pay an annual lease charge.
13. Rent arrears	This shows how effective we are at collecting rents due	3.84%	3.06%	2.53% (Housemark)	Rent arrears for UHA are reducing year on year, decreasing from 5.2% in 2014/15 to 3.84% in 2015/16 and 3.06% in 2015/17. This equates to a reduction of £102,000 in arrears since 2014/15. This is money we can use to invest in improvements to services and new homes.

14. Overheads a % of adjusted turnover	This indicates whether the organisation has high overheads. If high, this could indicate that there are cost savings to be made in UC	14.9%	11.8%	10.88% (Housemark)	Overheads have decreased by 3% in 2016/17 as part of our efficiency drive and zero based approach to budgeting.

6.2 Quality Services

We recognise that resources are limited and that as a small organisation we can not always invest fully in all areas. A key part of our Core offer is that the services we provide are of a good standard in all areas, but excellent where we think we can reasonably and efficiently reach this standard.

UC Combined	2016/17	2015/16	2014/15	Benchmark (Housemark median)	Comment
% of customers satisfied with the handling of the complaint	100%	98%	91%	66%	Another strong performance in 2016/17 and we continue to perform significantly better compared to our peers.
% of customers satisfied with the repairs service	95%	96%	69%	94%	In 2016/17, we are performing in line with the sector median for a second year in a row.
Average time taken to complete repairs (days)	9.9	7.2	8	8.5	2016/17 has seen a drop in performance with an increase from 7.2 days to 9.9 days.
% of homes with a valid gas certificate	100%	100%	100%	100%	Another year where we have achieved our target of 100%.
Average re-let time (days)	13.63	13.69	18	27.78	We have retained our low average re-let time which is significantly better than the sector median. This means we are turning around our properties efficiently and ensuring that residents are housed as quickly as possible.
Void loss as a % of gross rent	0.27%	0.18%	0.27%	0.69%	Our void loss remains significantly below the benchmark which reflects our average re-let time which is half the benchmarked re-let time.

7. Other VFM Gains

In addition to the activity highlighted in the above sections, we also made a number of other value for money gains in 2016/17 and a summary is provided in this section of the assessment:

Transfer of Engagements (merger)	BCHF and UHA have been working together as "United Communities" via a strategic alliance since 2013. By working together, we have made significant financial savings (c. £383k per annum) which we have invested in improving our services and building new homes. The preferred option of the Strategic Alliance was largely chosen because of the repricing risk from both organisations' funders, which would have negated any of the efficiency savings from joint working. In November 2016, the BCHF Board approved the refinancing of the RBS facility in order to realise increased development capacity. With the RBS facility refinanced, this opened up the opportunity for a formal merger (via a Transfer of Engagements) between UHA and BCHF. The merger is seen as the final part of the process for bringing the two organisations together. After over three years of working as a Strategic Alliance, sharing staff and offices and providing joint services, the opportunity to formalise this and capture additional financial capacity to build new homes, is seen by both Boards as a logical and sensible step. As noted previously, the majority of cost savings were realised with the establishment of the Strategic Alliance and therefore the principal driver for the Transfer now is the additional development capacity that will be created by legally bringing the two organisations together. The merged organisation will be stronger financially and have an increased asset base for providing security for new finance. This will also open up opportunities for obtaining larger sites as a result of the increased capacity to borrow. Another driver for the merger is to reduce complexity and hence reduce the risks associated with the governance of UC. The Strategic Alliance requires that we maintain appropriate individual governance of the two current legal entities where required, which is likely to increase in future as we grow and the impact of regulation and need for appropriate segregated governance and management of risks increases. At a Special General Meetings held on 11th May and then 30th, the shareholders of BCHF unanimously approve the resolution to transfer BCHF into UHA. This decision was made on the basis of Board recommendation after the tenants of both UHA and BCHF were consulted with 87% of respondents supporting the Transfer. The Transfer became effective from 17th July 2017.

Pension Scheme Review	UHA is in a defined benefit pension scheme administered by the Social Housing Pension Scheme (SHPS) was identified by the Board as an uncapped liability and therefore a significant business risk in 2016/17. The overall scheme deficit has increased by £288m since 2011 with every likelihood that it will continue to increase in years to come. As a member of the scheme, UHA has to take a share of this deficit and pays £50k per annum deficit payment. The lack of control the organisation has over the pension deficit creates uncertainty for the business and impacts negatively on the financial return on our assets. For this reason, the Board made the decision to close the defined benefit scheme for all employees from 1 April 2017 with transitional protection for 18 months to recognise the fact that we are removing a benefit from our employees. Closing the scheme to current members will not impact significantly on current costs or the requirement to contribute to any deficit based on the service to date of current members; however it will limit the risk for future accrual.
Arrears collections	During 2016/17, we reduced our arrears in UHA from 3.84% in 2015/17 to 3.56% in 2016/17. This represents an increase in cash collected of £37k.
Office Cleaning	During 2016/17 we reduced our office cleaning costs by 50% by reducing the frequency of visits.
Income generation	During 2016/17 we generated £31k of additional income from managing tenancies for another local housing provider and offering placements for social work students from the local universities.
Re-negotiating mobile phone contract	During 2016/17, we re-negotiated our mobile phone contract which reduced the cost by £3k.
Helping tenants into work and reducing the benefits bill	During 2016/17 we assisted 39 residents into training, volunteering or employment. This means we have assisted 129 residents over 3 years, surpassing our target of 100 residents. We have also seen a 3% reduction in the number of residents that are claiming full or partial housing benefits.

8. Action Plan for 2017/18

We have a number of actions planned for 2017/18 and a summary of key priorities is included below:

IT Strategy Review	During 2017/18 we will be undertaking phase 1 of our IT project which is a review of our IT priorities focussing specifically on our aspiration to improve the communication and engagement of our residents. Phase 1 will be complete by 31 August 2017 and then we can move onto phase 2 which is the implementation

	stage.
Repairs service delivery	In 2016/17 we have been focussed on how we want to deliver our repairs service going forward, taking into account customer feedback and also the results of the HCA Unit Cost analysis. We recognise that we need to improve our repairs service particularly around customer satisfaction and cost. On 5th June 2017, the Boards of UHA and BCHF approved in principle the creation of a cost sharing group with another housing association for the delivery of responsive repairs and voids. The outline principles will be further developed in 2017/18.
Development	Our strategic plan has an ambitious target of delivering 500 new homes by 2021. In 2017/18, we will have 92 units at the start on site stage; 73 affordable rented units and 19 shared ownership units. During 2017/18 we will have completed a further 17 units.
Proactive asset management	In 2017/18, we will be refining our approach to asset management in terms of our options appraisal model as well as opportunities for development at existing sites. Our strategic plan has a target of £600k net proceeds from asset disposals per annum.
Office review	In 2017/18, we will be reviewing our office requirements to assess whether we are achieving value for money and have an appropriate office for our size. This review will include a market assessment to compare existing space against current market trends and a build versus rent comparison.
Swindon properties	In March 2015, the Board approved the disposal of 107 general needs units in Swindon and other local Registered Providers were invited to tender for the purchase. The tender process closed in October 2015 and due to the rent reduction announcement in July 2017, we received limited interest and the actual bids received were lower than the threshold set by the Board. As such, in November 2015, the Board made the decision to retain the stock but to review the position in November 2017. This review will be undertaken during 2017/18.
Collaboration	We will be starting our new build developments at Dunmail Road and Shaldon Rd in partnership with HAB housing, BBRC and BCLT in 17/18. We will also be pursuing potential joint ventures with Kier and Hive for mixed developments.

Throughout 2017/18, we will be monitoring our performance against our action plan and will report back in the next VFM self assessment.