

KINGSTON CHURCHES HOUSING ASSOCIATION VALUE FOR MONEY STATEMENT 2019

INTRODUCTION

Regulatory Framework

The Accounting Direction 2019 requires that the KCHA should undertake and publish assessment of its performance for the year which sets out to stakeholders how it is achieving value for money in delivering its purpose and objectives, in accordance with the regulator's standard on value for money. The Regulatory Framework requires an annual self-assessment which sets out in a way that is transparent and accessible to stakeholders, how value for money is being achieved in delivering their purpose and objectives. The assessment shall:

- Enable stakeholders to understand the return on assets measured against the organisation's objectives,
- Set out the absolute and comparative costs of delivering specific services,
- Evidence the value for money gains that have been and will be made and how these have and will be realised over time.

Overview

Kingston Churches Housing Association (KCHA) is a locally based housing association operating mainly in the Royal Borough of Kingston upon Thames. Our mission is to remain an independent Registered Social Landlord providing high quality permanent social housing at affordable rents, and associated services, through a staff and Board of Management dedicated to serving the needs of our tenants.

Getting value for money is very important to us and our tenants since it determines our ability to re-invest in our properties for the benefit of our tenants.

Good value for money may not always mean finding the cheapest option. We are also focused on obtaining good quality, efficient and effective services. As a small housing association we are able to develop close working relationships with our tenants and principal stakeholders. The commitment and stability of our staff team means we have the benefit of high levels of continuity in maintaining and developing these relationships.

Objectives of our Value for Money Strategy

In addition to looking at opportunities for controlled growth over the next few years one of our main objectives is to provide our existing tenants with a caring and professional service which seeks to improve and modernise both their homes and the services they receive. This objective can be broken down as follows:

Our key priorities in relation to pursuing Value for Money are:

- Maintaining and improving the quality and value of our housing stock
- Effective and efficient delivery of tenant services
- Tenant satisfaction and good tenant communications
- Benchmarking our performance over time and with other similar RPs
- Good governance and regulatory compliance
- Invest in staff development to improve our service
- Partnerships with other organisations

A key aim of our strategy is to ensure that VFM is part of the culture of the Association by using key performance indicators and individual targets to measure performance and hence ensure that appropriate action can be taken to maintain efficiency and effectiveness.

Asset Management Strategy

We have in place a detailed Asset Management Strategy, the aims of which are fivefold:

- To maintain the Association's properties to a high standard
- To meet tenants' and prospective tenants' needs and aspirations both now and in the future
- To obtain value for money and minimise cost in use
- To at least meet, and wherever possible exceed, the Government's Decent Homes Standards
- To optimise properties to reflect current priority housing need.

The Association's homes vary in age and date of acquisition. We have devoted much time and energy in recent years to the question of longer-term planned maintenance, and particularly the improvement of our older properties. We are acutely aware that in the future we will need not only to continue to provide a first rate responsive maintenance service, but also to look to meeting increasing aspirations from tenants for the modernisation of their homes. The Association has taken major steps to deal with a number of properties that were 'past their useful lives' and are about to re-develop the last of our part shared bedsits.

In addition to re-modelling a number of bedsits at our Torrington scheme as they became available, in 2014 we disposed of 462 Kingston Road which comprised 7 bedsits for young homeless people. These were managed on our behalf by Kingston Action on Homelessness and were badly suited to this purpose and could not be brought up to a good standard. Mindful of the need for accommodation for the homeless however, the Association now sponsors ten rooms for young homeless people by run by Centrepoin, a specialist London based organisation.

Over the years we have moved towards allocating a far higher proportion of repairs expenditure to planned as opposed to reactive maintenance. The position has been complicated in recent years by the requirement to capitalise some repairs expenditure. Using this as the basis of comparison 74% of our repairs in 2019 were planned which is a high ratio and recommended as best practice by the Regulator of Social Housing and others.

We maintain a stock condition database and will be undertaking a new stock survey in 2020. This is used to predict expenditure on a cycle of up to 30 years, as well as providing a detailed record for each of our homes of what improvements have been made and when they took place.

Older Persons Activities

The merger in 2011 with Wilberforce Housing Association significantly increased our stock of sheltered housing for older persons. We upgraded these lounges including furniture and equipment using funds from a tenant legacy. After consultation on the possibility of using the communal facilities in the schemes for a programme of additional activities we have introduced a regular and very popular quiz night.

We have also installed computers with internet access for residents' use in all the communal lounges, including at the sheltered scheme at Torrington in Long Ditton. We will revisit this initiative if any new areas of interest emerge.

Development

In addition to investment in our existing housing in 2019 we completed a development of three new build houses comprising an in fill development at one of our existing properties. We are continuing to keep other opportunities for development under review.

Costs and Performance

In 2019 the Association's turnover from general needs housing was reduced by 1% due to the final year of rent cuts. Intermediated rents have been frozen however growth by 3 units during the year left income from rent and service charges largely the same overall.

The operating expenditure increased by £31,000 from 2018 to 2019 which is an increase of 2.2%.

As regards gearing, the Association will first use its existing funds generated from property sales and operating activities to invest in its existing properties and new developments before this is increased.

Our average re-let days for Housing for Older Persons was greatly improved and reduced to 16 days in 2019 compared to 41 days in 2018.

	KCHA 2019- 20	KCHA 2018- 19	Peer Group Median 2018- 19	Peer Group Quartile 2018- 19	National Smalls London Median 2018-19	National Smalls London Quartile 2018-19	KCHA Target 2020
Business Health							
Operating Margin (social housing lettings only) % - RSH metric	23%	24%	23%	1	17%	2	-
Operating Margin (overall) % - RSH metric	23%	24%	23%	1	16%	2	-
EBITDA MRI Interest Cover % - RSH metric	1344%	1145%	634%	N/A	222%	N/A	-
Headline Social Housing Cost Per Unit - RSH metric	£4,225	£4,176	£4,456	1	£5,808	1	-
Overheads costs as % of turnover	18%	17%	17%	1	17%	3	-
Cost per property of Housing Management	£466	£429	£470	1	£466	2	-
Development Capacity and Supply							
New Supply Delivered (Social Housing Units) % - RSH metric	1%	0%	0%	2	0%	2	0%
New Supply Delivered (Non-Social Housing Units) % - RSH metric	0%	0%	0%	1	0%	1	0%
Reinvestment in Property % - RSH metric	6.8%	5.2%	4.2%	2	3%	2	9%
Gearing (net debt / tangible housing assets) % - RSH metric	(10)%	(12)%	11%	N/A	18%	N/A	-
Service Delivery							
Satisfaction - overall services - GN & HfOP	86%	84%	-	-	-	-	90%
Satisfaction - overall services - GN	84%	80%	88%	4	86%	3	90%
Satisfaction - overall services - HfOP	89%	92%	-	-	-	-	90%
Asset Management							
Return on Capital Employed (ROCE) % - RSH metric	3.0%	3.2%	2.7%	1	2.4%	1	-
Occupancy at year end	100.0%	100.0%	99.3%	1	99.6%	1	99.6%
Ratio of reactive to planned repairs	63%	53%	54%	1	89%	1	60%
Void works spend per property	£1.82	£0.87	£2.97	1	£2.32	1	-
Rent collected as % of rent owed (excl arrears b/f) - GN & OP	102.0	102.5	100.4	1	100.4	1	-
Repairs completed on time	98.5%	99.5%	96.8%	1	96.3%	1	95%
Average re-let days - GN	21	18	27	2	27	2	18
Average re-let days - HfOP	16	41	22	4	17	4	22
Staff							
Staff turnover	2.1%	2.4%					-
Average days lost to sickness	2.7	5.8	5.4	2	4.4	2	5

KEY: The following show Kingston Churches Housing Associations performance when compared to the benchmarking group shown

1	Within the top quartile
2	Within the second quartile
3	Within the third quartile
4	Within the bottom quartile

Stakeholders & Partnerships

We consider that collaborative working with stakeholders and partners is crucial in achieving the aims of the Association. We value, and wish to maintain, our independence as a way of providing a caring and focused service to our tenants. However, as a relatively small organisation we are aware that we cannot work effectively in isolation, and we are always looking for opportunities to work with others, particularly housing associations, where ad hoc partnerships can bring mutual benefit.

What's Going Well

In 2019 we introduced a tenant engagement program in order to combat isolation, create new friendships across tenant groups, and gain valuable feedback from tenants on the Association's services. Overall satisfaction with the Association continues to improve with our 2019 survey showing the highest level of satisfaction since the triennial surveys began in 2006. During the first half of 2019 the Association completed on time delivery of three new build family homes.

The Association is maintaining good control of overheads and these are in line with the median for our peer groups, resulting in higher than median operating margins and lower than median headline social housing costs per unit.

We have maintained high occupancy rates and high rent collection levels. In 2019 we increased our focus on void turnaround times and building health and safety including fire safety.

Where We Can Improve

In 2019 the Association commissioned a tenant satisfaction survey, which is undertaken every three years.

Overall satisfaction in our 2019 tenant satisfaction survey was 86%. Whilst this is our highest score to date there is room for up to 14% improvement. A working group has been set up to understand in greater detail where these improvements can be made.

Tenant engagement events were a very successful initiative during 2019. We now have a greater understanding of tenants and how to effectively engage with them, and we also have better information on the logistics of these events which will mean we can provide more options and offer better value for money.

The Year Ahead

We expect to complete our windows upgrade program by the summer of 2020. In 2016 we embarked on a program of bathroom replacements as part of our re-investment commitment to our existing tenants, in line with the preferences expressed in the 2016 survey.

We are commissioning a complete stock condition survey of all our properties within the first half of 2020. This will include up to date information on the component parts, such as kitchens, bathrooms and boilers, that will inform our capital expenditure in the future.

We will be renewing our website in 2020 and hope to include a tenant portal providing secure access for our tenants to a significant amount of their tenancy management data, including arrears and repairs.

We have no expectation of any material increases in running costs over the next year and there are no other substantive changes planned. We expect the Association to continue to perform well and hope to continue to make improvements in the areas of arrears and voids control, despite the difficult economic environment, as well as investment in and maintenance of our property.

Public Benefit Entity

As a public benefit entity, KCHA has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.