



**INQUILAB**



Inquilab Housing Association  
Value for Money Report  
**1 April 2019 - 31 March 2020**



# What we mean by Value for Money

As a housing association that works with some of the most vulnerable people in society, value for money (VfM) is extremely important to us. In fact, it's embedded into our ethos and our corporate vision.

Our approach to VfM is about delivering a quality service in the most cost-effective way by maximising our income and continuously reviewing and streamlining our operating costs. **This ethos is supported by our values, being: Service, Trust, Accountability, Respect and Strength.**

## Every penny counts towards delivering real benefits for our residents

For Inquilab, this means being effective in how we plan, manage, and operate our business. It's about making the best use of the resources available to us to provide quality homes appropriate to London's residents' needs; underpinned by high quality services and support for our communities. Value therefore not only means the number of homes, the appropriateness and quality of those homes, and of the services we provide, but how we also look beyond the obvious to support our residents to achieve a more sustainable and healthier life.

## We never lose sight that our residents are our customers

We produce a VfM statement each year so our residents and stakeholders can see how we have spent our money and how we work to achieve value for money while maintaining and developing

a sustainable business. We are transparent in our spending and budgeting and this report identifies what we have done well, and where we can make improvements.

Everyone in the Inquilab team shares the VfM ethos. Any savings we make are invested back into the organisation to fund the things that residents have told us are important. This enables us to continue to make improvements into services and initiatives that our residents want and need.

## Reporting on our VfM

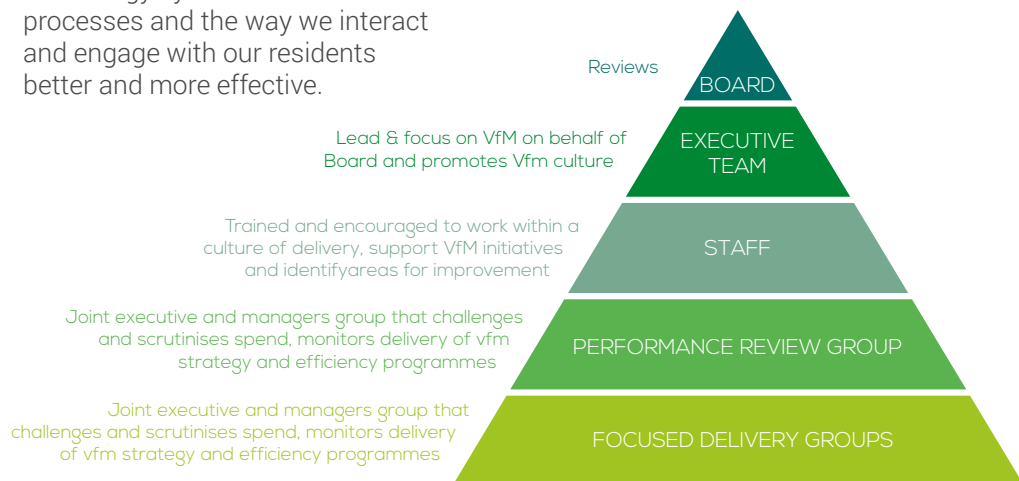
Last year we made £260,000 of VfM savings across the organisation. These savings helped to invest in, and develop, initiatives that support our residents with Anti-Social Behaviour (ASB) and in procuring a new repairs maintenance partner, as well as a new groundworks team. We have also continued our investment in cloud-based technology systems to make our processes and the way we interact and engage with our residents better and more effective.

## Monitoring value for money

Our overall VfM agenda is kept under close review by the Inquilab Board which is responsible for ensuring we have a comprehensive and strategic approach to operating effectively, whilst achieving value for money.

The Board monitors and reviews our progress using a VfM framework which sets out our shared objectives and strategies for making every penny count. Executives and senior managers produce regular Board reports on VfM policies and efficiency, and our shared vision of creating VfM in everything we do sees a continuous drive for improvement.

The diagram below shows how VfM is monitored and delivered across the organisation:



## Our objectives

Four years ago we launched our Corporate Plan for 2016-2021 which was based on a strong vision to become **'A top performing, customer-driven business, making a positive contribution to supporting diverse and cohesive communities'**. The plan included a clear set of values which were developed with our staff and residents. Delivering value for money is core to this vision.

## Our achievements

Thanks to the hard work of our team and our continued journey of transformation and modernisation, we are well on our way to delivering our vision.

During the year we made progress in several areas, including the re-procurement of our repairs service – an area which we know is the single most important to our residents. We are committed to improving this service and in providing a better repairs experience for our residents, most specifically our response times and in getting repairs right first time.

Our new partnering contract is not only helping us to improve our service but to also reduce the cost of our responsive repairs over the coming years. This, together with our digitalisation and transformation programme sees us on target to deliver our VfM targets.

## Beyond housing

**As a housing association with a strong social purpose, we continue to help some of the most vulnerable people in society.**

Our commitment to supporting our communities underpins our collaborative partnerships to build new homes and support our residents into paid work. As a result, we are proud to have enabled people to gain the right skills to find suitable employment and to empower healthier and more prosperous lifestyles; including helping people to better manage their money and access previously unclaimed benefits through the support of our debt and welfare advice teams.

We involve our residents in decisions that affect frontline services through our Residents Scrutiny Panel and Customer Advisory Panel. These groups have an incredibly important role, ensuring that we are listening and responding to residents' needs. Our resident involvement framework sets out how we engage with the wider resident community to ensure that their views are representative.

## Investing in homes and communities

As well as developing services for our residents, we have also been busy growing the organisation by increasing our housing stock.

In 2019 we completed on a 37-unit scheme at Movia Apartments in Uxbridge and acquired a further 19 units at Novello House in Slough to further strengthen our portfolio of affordable homes.

In 2019 we also focussed on maintaining our 30-year stock investment plan and we:

- Replaced 50 boilers
- Fitted 10 new kitchens
- Fitted six new bathrooms
- Installed new windows and doors to six homes

## Strengthening our business

People are at the heart of Inquilab and we are committed to recruiting the right people, with the right skills, to support our business and, at all times, we ensure the strictest governance so that:

- We remain financially robust
- Staff have the right skills and tools to do their job well
- We have the right experience on our Board and in our Senior Management Team to lead the organisation
- We position Inquilab as a caring, fair, employer which is recognised by its employees and peers

We also continue to review and invest in systems and procedures with enhanced performance and cost efficiencies in mind. In 2019 / 2020 we improved our management systems relating to rent and repairs and with the introduction of Business Central Finance we anticipate future savings of £35,000.






# Sector scorecard performance

As a social business we are committed to continuing to provide the much-needed good quality services required by the communities we work in, in a financially sustainable way.

Our comparative performance against the peer group median is better in most of the following scoring areas on the previous year.

However, our aim is to achieve top quartile results by further improving the business health metrics across the Association through improved

efficiency and savings from our transformation programme, organisational restructure, and cross-functional work process reviews.

Summary	Measure	Our targets 2020	Actual 2020	Actual 2019	Peer median 2019
<b>Business health</b> 	Operating Margin (overall excluding fixed asset disposals)	25.69%	30.69%	37.77%	27.50%
	Operating Margin (social housing lettings excluding disposal of fixed assets)	31.94%	38.09%	39.02%	28.85%
	EBIT DA MRI (as a percentage of interest)	157.50%	203.45%	178.98%	150.05%
<b>Development-capacity and supply</b> 	New supply social as a % of total units owned	0.00%	1.44%	2.84%	1.71%
	New supply delivered % (non-Social Housing)	0.00%	0.00%	0.00%	0.00%
	Gearing	34.38%	32.99%	36.75%	40.00%
<b>Outcomes delivered</b> 	Reinvestment	0.65%	2.15%	1.44%	4.05%
	Return on capital employed (ROCE)	2.13%	2.36%	2.48%	2.80%

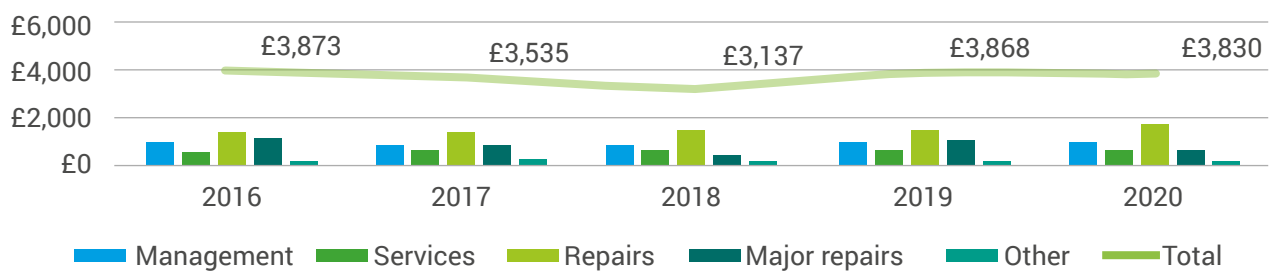


Our social housing cost per unit at **£3,830** is lower compared with the peer group

### Operating Efficiency

Year to March	Management	Services	Repairs	Major repairs	Other	Total	Peer median 2019
2020	£859	£554	£1,691	£534	£192	£3,830	£4,830

### Social Housing Cost per unit



Our social housing cost per unit at £3,830 is lower compared with the peer group. We continue to focus our efforts on further reducing our

cost base and continuing the drive towards efficiency and improved performance in our overall social housing cost base.



## Benchmarking








Benchmarking is essential to us as it highlights up trends in our performance and helps us to identify the areas where we need to improve.

Increasing resident satisfaction and ensuring our services deliver value for money is how we benchmark our success against our core values.

We also benchmark ourselves and compare our performance against a peer group of other housing providers who manage up to 7,500 homes in London and the South East.

We do this through two independent consultants: Housemark and the Sector Scorecard ratios.

Whilst Housemark applies a certain methodology for determining unit costs, the Sector Scorecard figures can be extracted straight from the financial statements. Both methods are valid although we are unable to compare across the two data sets.

Performance indicator	2019/20	2018/19	Housemark median quartile
 <b>Void rent loss</b> (% of rent and service charges)	0.54%	0.21%	0.79%
 <b>Current arrears</b> (% of rent and service charges)	7.02%	6.09%	3.68%
 <b>Rent collection</b> (% of rent and service charges)	99.62%	98.82%	-
 <b>Gas safety</b> (% with gas safety certificate)	100%	100%	100%
 <b>Number of days to let a property</b> (all voids)	60	33	27
 <b>% of repairs completed at first visit</b>	67%	78%	86%
 <b>Overall satisfaction with service provided</b>	61%	76%	-

## Delivering value for money from our assets

We calculate the return of social housing assets using the surplus from social housing activities for the year as a percentage of the gross cost at the start of the year. The gross cost of our social housing properties is the build cost plus capital improvements. The amount we generate from the social housing activities represents total income (including rents and service charges) less the cost of running the activities (including the management and maintenance).

Over the last five fiscal years, this compares as follows:

Return on assets	General needs %	Shared ownership %
2020	2.10%	4.13%
2019	2.19%	4.64%
2018	2.56%	4.48%
2017	2.67%	4.20%
2016	2.52%	4.32%

Our approach to VfM is structured around:

- Understanding our costs, benchmarking them internally and with our sector peers
- Ensuring we deliver VfM through service, team and individual plans
- Making sure that quality is an essential element in all our decisions
- Actively involving residents in decisions that affect services
- Reinvesting financial savings into improving current and future services
- Challenging how we deliver services and deliver VfM
- Ensuring our staff and contractors become VfM 'champions' and embed VfM into everything they do
- Quantifying efficiencies to monitor savings, quality improvement and regulatory compliance
- Procuring goods and services more effectively

## Value for Money through collaboration

### BME London

In recent years we have been working with a collaboration of 14 Black and Minority Ethnic (BME) London housing associations. Members of this group range in size from 185 to 1,500 homes with many providing specialist management services to mainstream social housing landlords. All members of the group are striving to deliver high quality services but due to their size often face constraints on their ability to borrow money in order to fund new

services. By working collaboratively the group aims to:

- Deliver savings and achieve value for money
- Share best practice in order to drive forward progress and improvements
- Work together to improve services for local communities, such as enabling residents to access support for employment

### Build London partnership (BLP)

Working with The L&Q Foundation and The Greater London Authority we have established the Build London partnership (BLP) with the vision of working together to help address the housing crisis in

London by delivering more good quality, affordable homes. This partnership aims to unlock small sites across the capital in order to deliver 300 homes a year, reaching a total of 1,000 new properties by

### Leadership 2025

Through the passion and drive of our Chief Executive, our Board and our Senior Management Team we are proud to lead this exciting initiative which, in collaboration with BME London, seeks to

positively influence the housing sector by challenging current perceptions and promoting the fact that diversity is not just something that ticks boxes but is good for business. We want to attract the

best people to work in the housing sector regardless of background and through Leadership 2025 we are helping to upskill and train BME and female professionals to become the leaders of tomorrow.



**Our work with the BME London group continues to enjoy considerable benefits of collaboration in using legal services and training for staff. As a group we are members of the legal consortium, Housing Association Legal Alliance (HALA). This provides the benefits for fixed fee work which all members take advantage of. Over the last financial year, we made savings in the legal support of over £3,000 and attended training courses under the HALA Training Programmes, which represents a further saving of over £500.**

2024. Grant funding from the GLA supports the genuine affordability of each of these homes. As part of this partnership we plan to build 100 new Inquilab units by 2022 and we are on-track to deliver this.

# Financial results



2020  
£000

## Balance Sheet

Housing Properties (at Cost less depreciation)	154,820
Other Fixed Assets	2,621
Net Current Assets	4,823
	<b>162,264</b>
Financed By	
Grants & Others	71,620
Share Capital & Reserves	33,299
Long term loans	57,345
	<b>162,264</b>

2020  
£000

## Where our money came from

Rents	8,080
Service charges	739
Other Grants & Charges	905
	<b>9,724</b>
Surplus on first tranche sales	218
<b>Income from ordinary activities</b>	<b>9,942</b>
Surplus on sale of fixed assets	186
<b>Total Income</b>	<b>10,128</b>

2020  
£000

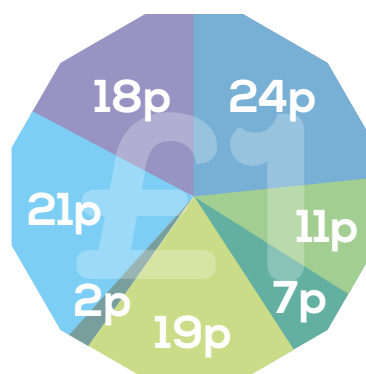
## What we spent it on

### Your homes

Maintaining our properties	2,385
Managing our properties	1,136
Cost of services e.g cleaning, ground maintenance	733
Depreciation of our properties	1,705
Other charges paid relating to our properties	254
Bank interest paid on borrowing to buy housing	2,087
<b>Total Expenditure</b>	<b>8,300</b>

**Surplus for investing in new  
properties & services** **1,828**

How we spent each £1 of our income in 2019-2020



- Maintaining our properties
- Managing our properties
- Cost of services e.g cleaning, ground maintenance
- Depreciation of our properties
- Other charges paid relating to our properties
- Bank interest paid on borrowing to buy housing
- Retained for future investment

For further information about Inquilab Housing Association and to keep up-to-date with our news, visit us at [www.inquilabha.org](http://www.inquilabha.org).

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