



INQUILAB

Value for Money (VfM)

For the year ended 31 March 2019



www.inquilabha.org



Introduction

Value for money means making sure we use our limited resources wisely to deliver quality services in the most cost-effective way. We aim to maximise our income, minimise our costs and maintain our services.

We report on VfM each year so our residents and stakeholders can see how we have spent our money over the last year – what we have done well and what we could have done better. Delivering Value for Money continues to be extremely important to us. We work hard to ensure that every penny counts towards delivering real benefits for our residents. We ensure that any savings are ploughed straight back into the things that residents have told us are important.

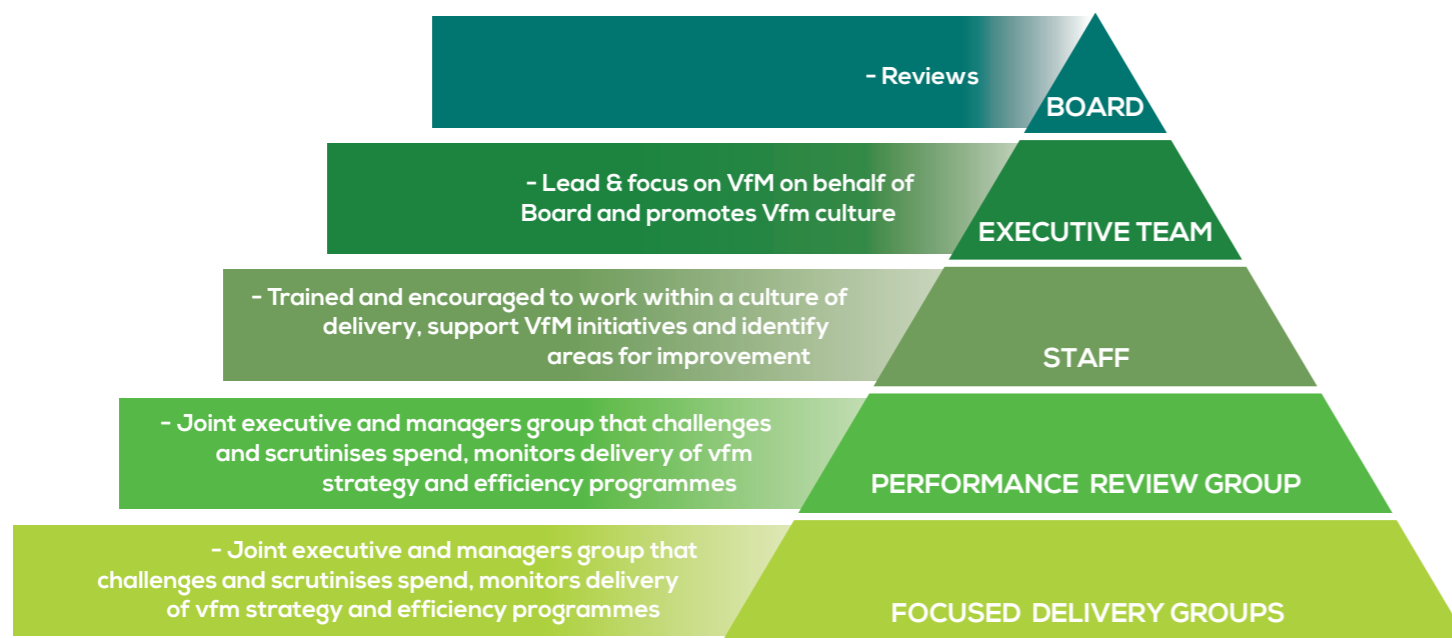
Last year we saved **£124,060** which was **29%** more than our target. We have used the savings to invest in delivering new homes and improving the quality of our services.

Delivering and Monitoring

Ownership and delivering value for money is a shared purpose across the organisation with the Board providing oversight within a VfM framework. The framework sets out the overall objectives and strategies which are updated annually.

Guidance and review of our VfM framework and strategy is provided by the Board through regular scrutiny and oversight of reports, documents, policies, delivery of efficiency programmes and are supported by the whole business and our residents to drive our VfM agenda.

The executives are responsible for steering, implementing and reporting on VfM progress and making sure that we continue to improve performance across the organisation. The interrelationship and responsibilities of the various teams and governing body of the organisation in relation to monitoring and delivering VfM is best illustrated by the diagram below:



Our objectives and VfM in the wider context

With significant challenges within the housing sector our Corporate Plan 'Building a Better Future' was set in a very different context to previous plans. These included the housing crisis, government emphasis on home ownership, welfare reform and annual rent reduction of 1%. 'Building a Better Future' is focused on three core objectives of improving customer experience, investing in homes and communities and strengthening our business. Our focus on these objectives will enable us to deal with these challenges whilst also taking advantage of the opportunities.

Our Corporate Plan 'Building a Better Future' is about:

Improving the customer experience by procuring estate services and a repairs and maintenance service that improves customer satisfaction and delivers value for money. We are also working with our customers so more can use our online services.

Investing in homes and communities by reducing costs, improving operating margin and using increased capacity to improve more of our existing homes. This year we have:

- Maintained the 30-year stock investment plan, aligned with the business
- Saved £38k on major works
- Replaced 57 boilers, 18 kitchens, 15 bathrooms and 93 homes had new windows and doors installed

Strengthening our business in our finance, people and governance so that:

- We maintain our financial robustness
- Staff have the right tools and skills to deliver
- Board members have the right skills
- Staff say Inquilab is a good employer

Our targets relating to operating margin and costs per unit were met. To meet these targets, we undertook a complete review of processes and how the key services were being delivered. The reviews and the move to online service delivery led to savings on staffing and corporate overhead costs of £130k.



Sector scorecard performance

Our social housing costs in 2018-19 were **£3,868** per home per week.

BUSINESS HEALTH	2018/19	2017/18	PEER GROUP 2017/18
OPERATING MARGIN – TOTAL	37.77%	43.80%	23.90%
OPERATING MARGIN – SOCIAL HOUSING	39.02%	45.30%	25.50%
EBITDA-MRI	178.98%	228.01%	177.25%

We've shown year on year improvement in operating margin. Performance has been consistently above the peer group median. Improved performance shows the benefit of the 2020 Vision efficiency programme. This improvement is within our underlying social housing business. One of our internal parameters requires us to meet interest costs from core underlying business, we continue to achieve this with some headroom.

OPERATING EFFICIENCY	2018/19	2017/18	PEER GROUP 2017/18
SOCIAL HOUSING COST PER UNIT (CPU)	£3,868	£3,137	£4,860
HOUSING MANAGEMENT CPU	£890	£749	
SERVICE CHARGE CPU	£537	£528	
MAINTENANCE CPU	£1,417	£1,403	
MAJOR REPAIRS CPU	£928	£324	
OTHER SOCIAL HOUSING CPU	£96	£133	

Benchmarking

We make use of both the **Housemark** benchmarking and the Sector Scorecard ratios. **Housemark** applies a certain methodology for determining unit costs however the Sector scorecard figures can be extracted straight from the financial statements. Both methods are valid albeit we are not able to compare across the two data sets. We use benchmarking as an indicator of our

performance against a peer group with up to 7,500 homes operating within London & the South East and to pick up trends in our performance.

Although both sets of benchmarking are a year behind our financial reporting, they still provide an effective comparison of performance against our peers.

2018/19	2017/18	HOUSEMARK TOP QUARTILE 2017/18	PERFORMANCE INDICATOR
0.21%	0.33%		Void rent loss (% of rent & service charges)
6.09%	4.64%		Current arrears (% rent & service charges)
98.82%	101.76%		Rent collection (% rent & service charges)
100%	100%		Gas safety (% with gas safety certificate)
33	36		Number of days to let a property (all voids)
78%	85%		Residents satisfied with the repairs and maintenance service overall
76%	77%		Overall satisfaction with service provided

Delivering value for money from our assets

We calculate the return on 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 generated 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)

RETURN ON ASSETS	GENERAL NEEDS %	SHARED OWNERSHIP %
2019	2.19%	4.64%
2018	2.56%	4.48%
2017	2.67%	4.20%
2016	2.52%	4.32%
2015	2.33%	3.86%
2014	2.10%	3.40%
2013	2.11%	3.15%

Embedding VfM

The following controls provide oversight and bring rigour to the delivery of value for money:



Value for Money from Collaboration

BME London

Over the past year Inquilab has been working on collaborative opportunities with BME London Landlords, a group of fourteen housing associations. Members of this group range in size from 185 homes to 1,500 homes with many providing specialist management services to mainstream HAs. The group has laid the foundations for collaborative working as well as identifying opportunities for joint working. The group is now beginning to deliver these projects and realise value for money.

The aim of our collaboration has been threefold:

- Achieve financial savings and deliver enhanced value for money for residents, communities and organisations
- Share best practice amongst the group and thereby increase productivity of staff and organisation as a whole
- Provide opportunities for residents to access services, such as employment support, that organisations would not otherwise be able to deliver alone due to high upfront cost and risk

Most of the housing associations in the collaboration group are growing organisations, who are increasing their presence through developing houses or acquiring more homes. All of them are striving to deliver high quality services but due to their size, the majority face resource constraints and limits on their ability to borrow money to fund these services.

However, it is on this basis that embarking on joint working projects, associations are able to increase their ability to deliver greater value for money.

Build London Partnership

Inquilab is part of the Build London Partnership (BLP) development initiative in collaboration with the L&Q Foundation and the Greater London Authority (GLA). The ground-breaking strategic partnership will unlock small sites across London to deliver 300 homes a year, reaching a total of 1,000 by 2024. Grant funding from the GLA means that 100% of these new homes will be genuinely affordable. Inquilab aims to build 100 units by 2022 as part of the partnership and is one of the driving forces on its establishment.

Financial results for the year to 31 March 2019

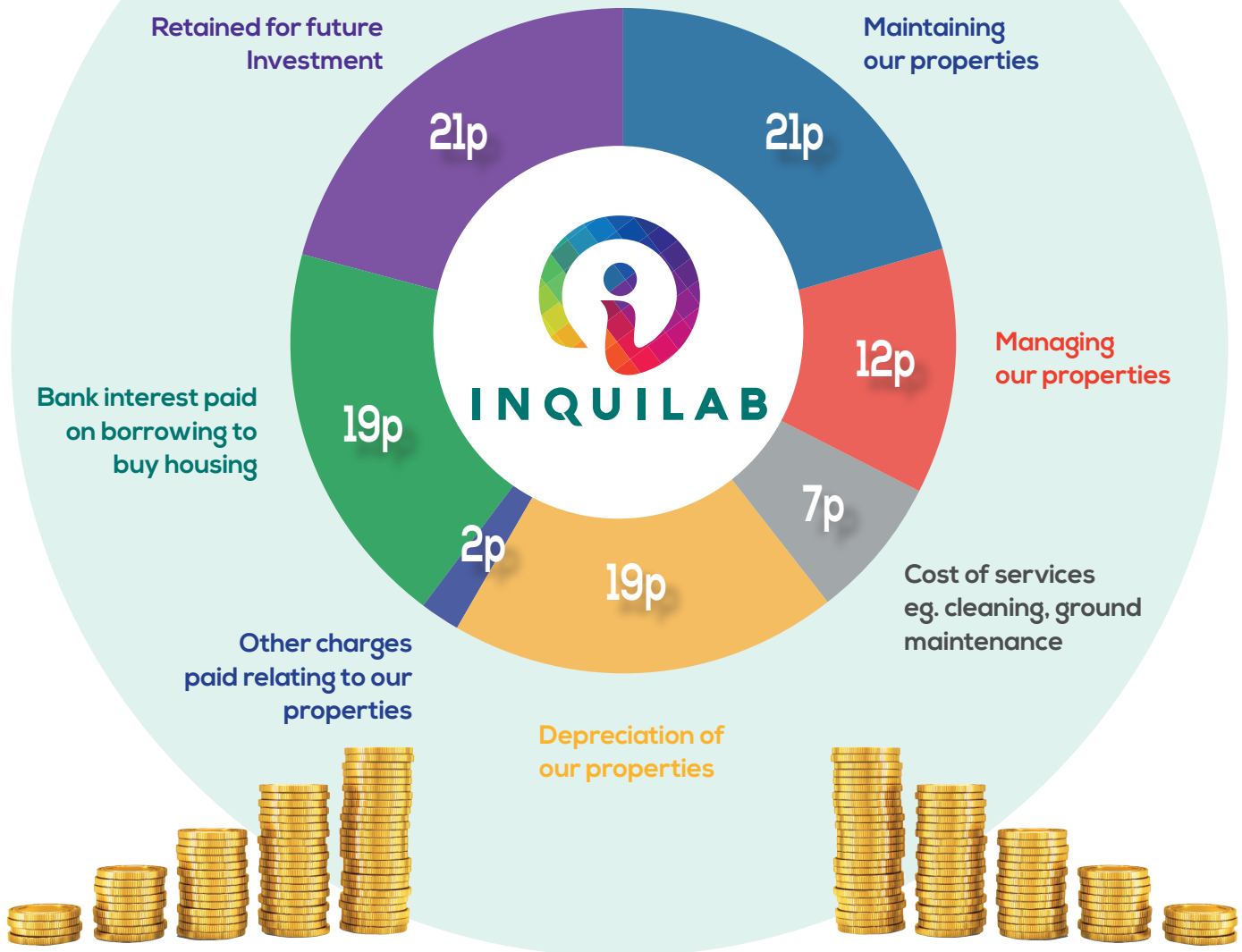
	2019	2018
	£'000	£'000
BALANCE SHEET		
Housing Properties at Cost	171,936	170,922
Less: Social Housing Grant/Depreciation	(101,119)	(99,186)
	70,817	71,736
Other Fixed Assets	2,678	2,653
Net Current Assets	2,157	126
	75,652	74,515
Financed By		
Share Capital & Reserves	31,377	29,370
Long term loans	44,275	45,145
	75,652	74,515

How we spend our money

	2019	2018
	£'000	£'000
WHERE OUR MONEY CAME FROM		
Rents	8,036	8,030
Service charges	667	640
Other Grants & Charges	846	863
	9,549	9,533
Surplus on first tranche sales	0	0
Income from ordinary activities	9,549	9,533
Surplus on sale of fixed assets	280	689
TOTAL INCOME	9,829	10,222
WHAT WE SPENT IT ON		
Your homes		
Maintaining our properties	2,094	1,781
Managing our properties	1,159	951
Cost of Services e.g cleaning, ground maintenance	700	671
Depreciation of our properties	1,845	1,761
Other Charges paid relating to our properties	144	194
Bank Interest paid on borrowing to buy housing	1,835	1,831
TOTAL EXPENDITURE	7,777	7,189
Surplus for investing in new properties & services	2,052	3,033



How we spend each £



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Facebook
<https://www.facebook.com/Inquilabhousingassociation>



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LinkedIn
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