

Value for Money Statement

Our Strategic Approach to VFM

Choice believes that a focus on Value for Money (“VFM”) leads to improved outcomes for customers and stakeholders, and generates savings on resources which can either be taken as short-term gains or recycled back into the organisation as additional longer-term investment.

Choice endorses the Department’s decision to include VFM within the new regulatory framework. In June 2016 the Choice Board approved a VFM strategy which had the following aims:

- Setting VFM targets which become the focus for enhancing delivery;
- Establishing management systems and structures aimed at promoting VFM; and
- Establishing a VFM culture at all levels of the organisation.

Our strategy sets out a number of VFM-related targets, encompassing:

- Improvements across our key performance indicators;
- Achieving upper quartile benchmarks over the life of the plan;
- Seeking to deliver cash savings; and
- Focusing on the benefits derived from our assets.

We will seek to achieve these targets while maintaining average rents at affordable levels.

Progress Made in 2017/18

The overall VFM process is continuous and we recognise that the quest to improve is never complete. However, areas where we are focusing our efforts are:

- Improving tenant satisfaction levels;
- Improving core operating metrics;
- Achieving 100% compliance on health and safety;
- Enhancing our delivery on new build; and
- Improving returns from our assets.

We are making progress in all of these areas, as follows:

VFM Area	Progress
Improving tenant satisfaction levels	We have improved our overall tenant satisfaction (based on the STAR methodology) from 79% in 2016/17 to current level of 88% .
Improving core operating metrics	There have been improvements in overheads, housing management costs, voids, re-let times, SAP rating, and tenancy turnover. Other metrics require further improvement including: response maintenance costs, arrears, and sickness days.
Achieving 100% compliance on health and safety	We have achieved target levels of compliance and closely monitor on-going performance.

Enhancing our delivery on new build	We completed 318 new social units in 2017/18, as compared to 139 in the previous year. We have implemented a number of initiatives to further enhance performance.
Improving returns from our assets	Our return on assets (at 1.75%) was in line with local peers, but was lower than the previous year due to our additional maintenance expenditure in the year. We plan to improve this ratio in future years.

In delivering these improvements we have taken forward a number of key initiatives during the year:

1. Our Tenant & Client Services directorate has been completely re-organised to facilitate improved efficiency and effectiveness.
2. We have invested over £20m in our stock improvement programme, including £6m in remodelling unsuitable schemes for future use.
3. This year saw the implementation of Choice Services as our in-house maintenance contractor covering c4,000 units. This initiative will generate improvements in both quality and cost efficiency, and will ensure continuity of service.
4. We launched Maple & May, our PRS and build-for sale brand. This is already generating additional income and qualitative improvements which will support our core social housing business.
5. We implemented a new rent policy which will improve fairness, affordability, sustainability and transparency in our rents. We applied a below-inflation rent increase in April 2018.
6. We were able to pass on energy cost savings to tenants with an overall reduction of £140k in heating charges.
7. We became the first Northern Ireland housing association to draw down low cost development funding (£40m) from the European Investment Bank. This will enable us to deliver more social homes in the future.
8. We participated in the Housemark 2017 benchmarking process and are in the process of working through Housemark and the Sector Scorecard for the 2018 financial year.
9. We performed business improvement reviews across three business areas using the Lean methodology and have commenced implementation.
10. We completed 59 public procurements with a value of £33m.
11. We commenced use of procurement frameworks, including Procurement for Housing and Crown Commercial Services.
12. We introduced the competitive design & build procurement process.
13. We implemented the eTenders system.
14. We have established VFM projects to review:
 - a. Financial analysis and benchmarking
 - b. Budgetary control
 - c. Procurement
 - d. Business improvement
 - e. Construction costs
 - f. Maintenance costs
 - g. Order to Pay processes

Social impact

VFM is also about enhancing the social impact we deliver. During the year we:

1. We invested c£500k in community enhancement initiatives.
2. Investment in the Live Here Love Here initiative.
3. Investment in the WorkChoice programme to provide employment opportunities to tenants.
4. Enhancement of our debt advice service.
5. Implementation of the Choice Savings Scheme to promote credit union membership.
6. Creating new digital inclusion opportunities for tenants.

Conclusions

We re-confirm the importance of VFM to Choice, and believe we have made good progress this year.

We aspire towards continuous improvement and we will continue to place considerable emphasis on improving VFM. We will routinely review our policies, processes, systems and measures to ensure that these underpin our VFM strategy and priorities. In particular, our KPI metrics have been updated to ensure that the management of Choice have the information to assess our VFM performance against the objectives outlined above.

We will also ensure that relevant VFM actions and outcomes are communicated regularly with our customers and stakeholders to demonstrate progress against our plans.

Board & SMT of Choice
26.9.18