Arawak Walton Housing Association

Value for Money Self Assessment

2016-17

Value for Money Self Assessment 2016/17

Executive Summary

Arawak Walton Housing Association (AWHA) has used the sector scorecard currently being piloted in the sector to help understand and compare its performance across a range of value for money metrics and identify priorities for the future. Not all providers have submitted data at present so the current available data (submitted from 118 providers) has been used for comparative purposes along with the HCA's 2016 global accounts.

The Acuity benchmarking report for Community Housing Associations North West has been used where applicable to provide comparisons, although it is important to note that this does not contain all the sector scorecard measures.

AWHA's headline cost per unit (cpu) of £2,800 in 2016/17 compared favourably with the HCA median of £3,550 (in 2015/16), being 21% below. Whilst this out-turn was partly the result of cyclical factors, the association expects to manage within the headline cpu over the course of the coming five years.

We recognise that there is work to be done to explore more efficient delivery of our maintenance and major repairs functions, and to that end we will aim to reduce the costs of these by £80 per property over the course of the next four years.

Over the course of the last year, we have increased the number of homes we own by almost 6% (60 homes) and we have achieved this without new grant. Of these, 27 homes were acquired to let at sub-market or social rent. We bought the freehold of a further 33 homes which had previously been leased.

Our operational performance has improved against our relet time, void loss and tenant arrears measures. Relet times halved over the course of the last year, void loss fell to a quarter of the 2015/16 cost and our two year focus on tenant arrears resulted in these reducing by 30%.

Section 1. Introduction and background

Arawak Walton was born out of the black and minority ethnic communities initially in Manchester needing to have access to decent, affordable good quality homes which for a number of reasons, not least due to discrimination, were not being made accessible by mainstream organisations. Our mission has not changed. The Association has spent 25 years working in inner city, multicultural areas where good quality homes were and continue to be scarce and where the communities face high levels of deprivation. We work in entry areas where inward migration is on the increase. 68% of our 2016/17 lettings were to BME tenants and we tailor our services to meet the needs of diverse BME communities. As well as providing access to housing we also provide employment and training opportunities. Our strategy is to procure from the local community where possible and help alleviate levels of deprivation in areas where we work through reinvesting in the local economy.

Working in areas with high levels of deprivation can and often does result in higher management costs, but our management costs demonstrate our ability to do this at a lower cost than many associations providing generic services. Our repairs costs include the provision of alarms, security lighting and other features in our properties to maximise the security of our tenants, who suffer from discrimination and racist behaviour. In addition, the provision of showers, quasi wet rooms, larger kitchen storage and mixer taps are examples of how we address the religious and cultural needs of our diverse customer base.

Our success relies on providing a personal and holistic service that is valued by our customers and stakeholders at a cost-effective offer.

Section 2.Value for Money Strategy

The Board has overall responsibility for the Association's value for money strategy. The Board places operational responsibility for ensuring value for money on individual managers. The Finance Director has reporting responsibility for value for money issues in the Association.

The Association regards continuous improvement as a key element of its Value for Money approach. An annual programme of service reviews is designed to address current priorities as well as ensure most areas of the Association's activities are reviewed on a periodic basis. Service reviews ensure that the needs of the Association's customers are effectively and efficiently met and that value for money principles are enshrined in their design.

Specific elements of our approach to value for money are:

- an annual review of our customer profile in terms of housing and geographical location aspirations to ensure it delivers housing opportunities where our customers want to live
- a thorough budgeting and business planning process
- an annually updated Asset Management Strategy which sets out our plans for sustaining and enhancing the value of our asset base
- a feasibility model that incorporates not only funding but also housing management and long term maintenance issues to ensure the financial soundness of potential new property acquisitions
- a Treasury Strategy and Annual Treasury Plan which maps out treasury activities for the coming year, balancing value for money and mitigating risks to the Association
- consideration of the value for money implications of new initiatives at Senior Management Team (SMT) and Board level
- the requirement to tender certain procurements and obtain quotes for others to ensure market prices are paid
- attendance at a range of procurement, value for money and function specific best practice events, sharing good practice and contributing to some of our procurement efficiencies
- participation in formal and informal benchmarking activities to identify areas where our performance does not meet that of our peers

- our business plan recognises that following the introduction of the proposed new rent regime from the 2015/16 financial year it will become imperative to manage our routine activities within the Consumer Price Index measure of inflation which will require a sustained focus on efficiency to achieve value for money
- setting specific VFM projects or objectives as part of the VFM statement on an annual basis.

Key elements of our process for monitoring Value for Money are:

- annual scrutiny by the Board of the Business Plan and Budget
- a quarterly review by the Board of the Association's financial performance through the management accounts
- a quarterly review by Board of key operational and other performance
- a monthly review of key areas of financial performance against budget by the senior management team
- a monthly review of key operational performance indicators by senior management team
- review of the "ease" of allocations and lettings in new areas of operation
- Tenant Quality Panel (TQP) review of the appropriateness of services provided
- assessment of potential acquisitions by senior management team
- reporting on potential acquisitions at each meeting of Board
- annual strategic review sessions for SMT, Board and staff to ensure the Association's mission and vision remain relevant and that both are delivered in the most appropriate way
- consideration by Board of the annual Value for Money self assessment
- a review of progress against Value for Money objectives at each meeting of Audit Committee

Our approach to VFM has enabled us to grow without new social housing grant over the course of the last half decade. We have achieved this by working in partnership with housing providers through their stock rationalisation plans in areas in which we want to grow, by acquiring properties from the open market to be let at social and sub market rent and by being able to secure highly competitive funding deals. The age profile of our stock means that our asset management strategy identifies the need for significant investment in existing homes over the course of the next few years. We recognise and have estimated the additional costs of collecting rents from tenants who don't have experience of paying us directly, as Universal Credit is rolled out. Sustaining VFM practices will be crucial in enabling us to achieve these objectives.

Achieving our value for money objectives enables us to:

- sustain our ongoing investment in the homes we own to ensure they remain desirable to the communities we serve and have a long term future
- acquire or develop new properties in or close to our current areas of operation in order to help meet the needs of some of the thousands of people aspiring to live in the areas in which we operate

Assessing value for money involves balancing the needs of our current tenants against the needs of potential future tenants. An integral part of the Association's Value for Money strategy is that resourcing the needs of existing tenants will be met before resources will be made available for potential future tenants.

Board has determined that where extra resources become available they will be used to provide additional homes.

Section 3. Sector Scorecard Metrics

The table overleaf lists all of the fifteen sector scorecard metrics.

The table compares the sector averages available from the sector scorecard data plus comparable data derived from the Global Accounts 2015/16, with the actuals for the association for the 2015/16 and 2016/17 financial years taken from the statutory accounts, together with the projections for the five years commencing 2017/18 from the Association's business plan. It should be noted that not all comparable data from the Association's peer group (40 similar sized Association's in the North West region) was available at the time of preparing the report, so data has been compared against the sector as a whole, which may result in some distortions due to the unique service offer that Arawak Walton provides to its customers.

	Actual	Actual	**Actual**	**Actual**	**Actual**	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	Sector	AWHA	**Sector scorecard Median**	**Sector scorecard Upper Quartile**	**Sector scorecard Lower Quartile**	AWHA	AWHA	AWHA	AWHA	AWHA	AWHA
	2015/16	2015/16	**2016/17**	**2016/17**	**2016/17**	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Margin	28%	35%	31%	36%	25%	37%	28%	28%	27%	27%	27%
Operating Margin (social Housing)	32%	35%	32%	37%	25%	37%	27%	27%	26%	26%	26%
Interest Cover (EBITDA MRI)	3.21	2.04	2.31	2.85	1.64	3.50	1.92	1.96	1.88	1.94	2.00
Units Developed	51,333	16	55.5	147	11.25	7	31	10	10	10	7
Units Developed (percentage of owned	1.9%	1.7%	1.1%	2.2%	0.4%	0.7%	3.0%	0.9%	0.9%	0.9%	0.6%
Gearing	46%	48%	44%	34%	59%	50%	50%	50%	50%	50%	50%
Customer Satisfaction		90%	87.05%	91.18%	83.30%	90%					
£ invested for every £ generated New Supply	0.50	0.50	0.73	0.37	1.07	0.90	1.12	0.94	1.00	1.00	0.81
In Communities		0.01	0.02	0.01	0.05	0.01					
Return on Capital Employed	3.7%	6.5%	4.1%	5.6%	2.9%	6.5%	4.3%	4.3%	4.0%	4.0%	4.0%
Cost Per Unit	3,549	3,575	3,256	2,842	4,052	2,805	3,289	3,390	3,526	3,527	3,598
Management	1,018	824	946	736	1,161	740	842	839	877	858	875
Service charge	372	393	320	217	537	397	421	444	472	476	485
Maintenance	982	1,250	925	755	1,097	999	916	933	970	981	1,005
Major Repairs	809	1,068	699	439	974	640	1,072	1,137	1,170	1,176	1,198
Other	260	39	167	47	473	29	38	37	37	37	36
Overheads		20%	12%	9%	15%	19%	20%	19%	20%	20%	20%
Ratio of responsive repairs to planned maintenance	60%	75%	69%	46%	100%	113%	108%	103%	103%	104%	104%
Occupancy		99.8%	99.5%	99.8%	99.2%	100.0%					
Rent collected		99.3%	99.7%	100.2%	99.3%	100.7%	100.9%				
		Upper Quartile									
		Median									
		Lower Quartile									

Selected Sector Scorecard Metrics 2015/16 and 2016/17 Actuals and projections to 2021/22

Section 4. Analysis of Metrics

This section focuses on a review of the key metrics in the Sector Scorecard. This is the first year the Association has reviewed its performance against the Sector Scorecard. 118 providers have submitted sector score card data so far which allows the Association to measure our performance against others in the sector.

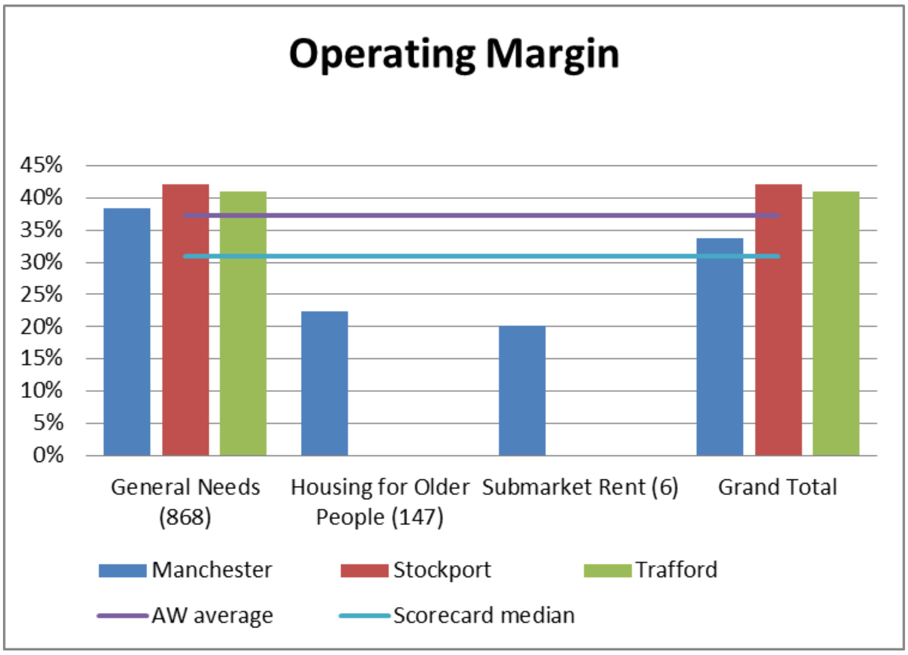
The Association's intention is to use the Sector Scorecard alongside Housemark benchmarking data and our internal Key Performance Indicators to drive change in the future. The use of the cost per unit measures will help identify areas of focus for investigation and subsequent cost reduction activity. Where the associations scorecard metrics are significantly different from the sector average (or median if more appropriate) these will also be investigated.

The analysis in this section focuses on the key metrics in the Scorecard where the association's actual or expected metrics require further analysis or explanation.

Operating Margin

Our 2016/17 Operating margin at 37.3% was above the sector median of 30.9%, partly as the result of a one-off tax repayment which increased the margin by 1% and also as a result of the receipt of rent restructuring grant which ended in 2017 which contributed approximately 4% to operating surplus. Our long term operating margin is around 27% to 28%, slightly below the sector average. Prudent cost control will help maintain the margin. The higher the association's operating margin, the more cash is available to pay interest costs which allow us to acquire more properties.

Our internal property contribution model has identified the following average operating margins across our portfolio of homes:



Operating Margin by Local Authority and Tenure, 2016/17

The analysis shows the broad consistency of the Operating Margin generated by General Needs homes, with the slight differences being the result of different rent levels across the three local authorities. Housing for Older People rent levels are typically 80% of General Needs levels and this has a significant impact on the operating margin. Most of the submarket rent properties were acquired during the course of the year, so the 20% operating margin is not reflective of their future contribution which is expected to be in excess of 30%.

Our key challenges for the future to ensure Value for Money will be:

1. minimising cost increases, especially in key areas of expenditure such as repairs and staff costs.

2. adding additional income-generating homes without making proportionate increases in expenditure by e.g. adding additional staff

3. new homes being primarily sub-market rather than social rent as these generate up to 50% more income for very similar costs

4. ensuring that those properties which generate a low operating margin have a sustainable role amongst the association's portfolio of homes.

Units Developed (%age of owned)

The projections included in the scorecard are the minimum number of new homes which will be acquired by the association. The association has an acquisitions process which will deliver these. The association also gets opportunities to acquire properties from different sources which can result in some years seeing significant growth. In 2017, the Board determined that the priority purpose for utilising spare financial resource was the acquisition of new properties for letting.

Towards the end of the 2016/17 financial year, the Association acquired 21 properties which were in the process of bring refurbished at the end of the financial year and are therefore shown in the figures for 2017/18. The association therefore acquired 28 properties in 2016/17 significantly out-performing its minimum target of 10 properties.

Whilst the association's medium term projection of adding 1% of homes annually is below the scorecard median of 1.13%, the association seeks to outperform this when additional financial capacity is available. The association has taken a prudent view of its medium term capacity to help with the management of risk.

	2017	2016	2015	2014	2013
Properties in Management	1,111	1,025	1,008	1,004	953
Increase	8%	2%	0%	5%	

Properties in Management 2013 to 2017

Our key challenges for the future to ensure Value for Money will be:

1. making good value acquisitions following a robust financial and operational appraisal process

2. ensuring a mix of sub-market acquisitions in the portfolio of new homes

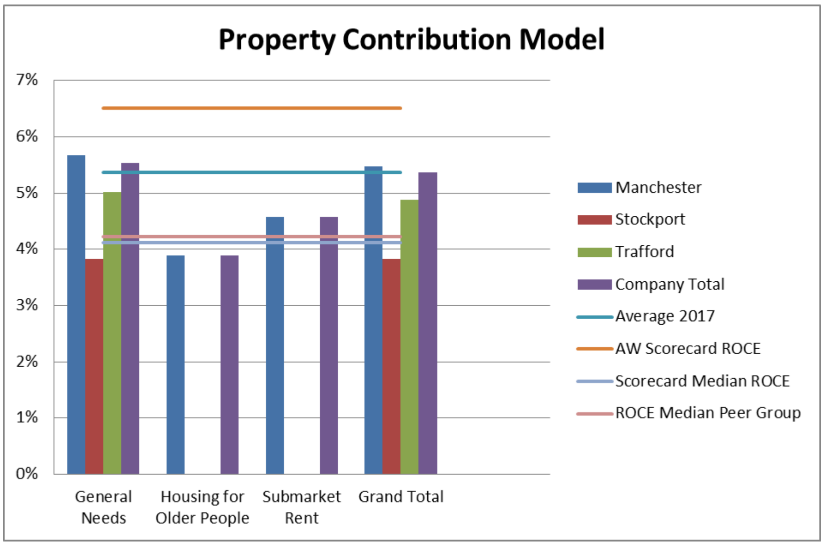
3. in the event that the Right to Buy for social housing tenants is actually introduced, ensuring that properties sold under this scheme are rapidly replaced with new acquisitions to contribute to the business plan's income targets.

4. being in a position to seek out acquisition opportunities which meet the needs of our communities in a cost effective way.

Return on Capital Employed (ROCE)

The Association has a Return on Capital Employed of 6.5% as measured by the sector scorecard. This is above the upper quartile figure of 5.61% and the median of 4.11% which demonstrates a good return on investment for the Association's assets compared to its peers.

The sector scorecard introduced as a pilot for 2017 was developed under a slightly different basis of calculation referred to as the ROCE. However, the model does not lend itself to providing individual property contribution data so an internal property contribution model has been developed which shows this below. We will continue to benchmark against the scorecard ROCE measure to ensure consistency and comparability with other peers in the sector.



The main differences in the performance in the property contribution model for general needs stock is the date the bulk of our portfolio of homes were acquired. Our Manchester homes were largely acquired before those in Trafford and therefore have a lower Net Book Value, and whilst the average Manchester rent is lower than in Trafford, the low property value results in a higher ROCE. For our submarket rent properties, rents are typically almost 50% higher than general needs rents, but these properties were acquired more recently and therefore have significantly higher net book values, resulting in a modest contribution.

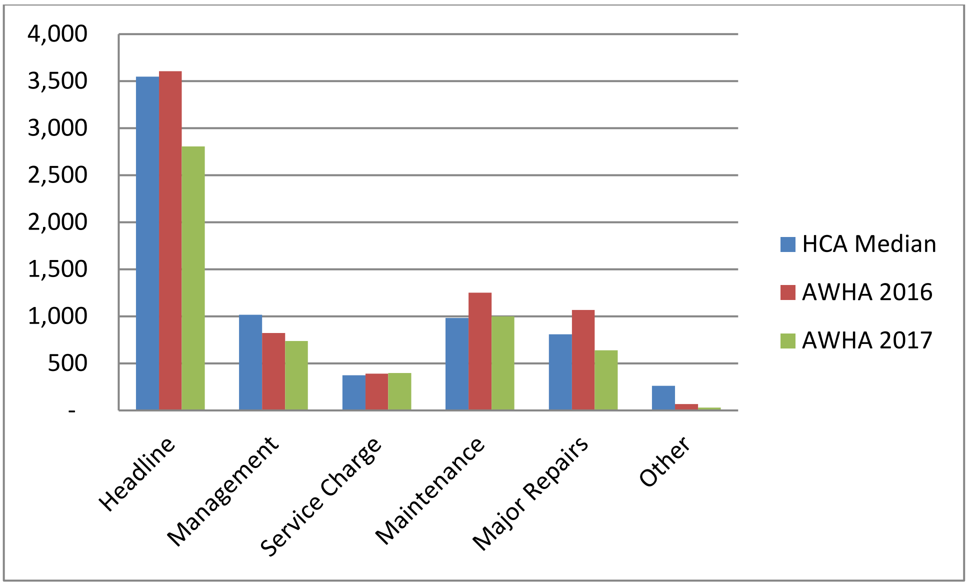
Our key challenges for the future to ensure Value for Money will be:

1. acquiring competitively priced properties to add to our property assets
2. ensuring that rental income is maximised and costs are contained to a level which ensure properties are maintained in good condition over the long term

3. disposing of properties which have a adverse impact on our ROCE / contribution to surplus. However, this will always be in the context of our overall asset management strategy.

Cost Per Unit (CPU)

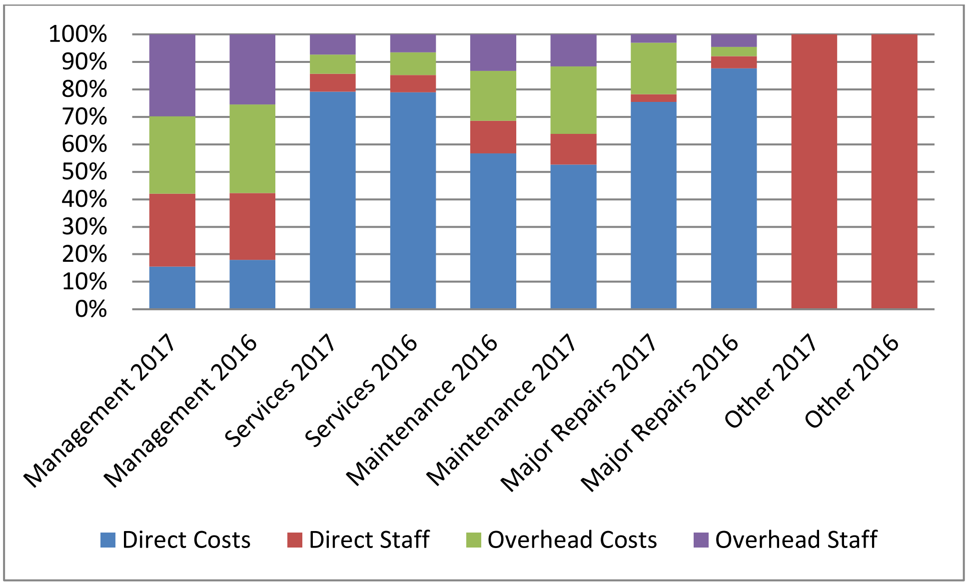
The chart below shows our cost per unit (cpu) figures for 2015-16 together with the HCA's headline CPU for the same year, alongside the figures for 2016-17.



Cost per unit, 2016 to 2017, with HCA Headline 2016

The Association's headline cost per unit was less than the median figure of 3,256 and comparable with the upper quartile figure of 2,842 Part of this reflected the impact of efficiencies in management costs but also changes in the profiling of major repairs expenditure.

The chart below shows the cost structure by each cost type monitored by the new cpu framework. It identifies the proportion of each cost item which is made up by direct costs, direct staff, overhead costs and overhead staff respectively. A clear understanding of the cost structure helps target initiatives to maintain and reduce costs against each of the measures.



Cost Structure 2016 and 2017

Management

The Association's management cpu at £740 per unit in 2017 was in line with the upper quartile scorecard figure of £736. This includes savings in overhead costs impacting primarily on the latter year.

Our key challenges for the future to ensure Value for Money will be:

1. to balance any increases in staff costs with reductions in other items of expenditure.

2. to minimise the risk of high legal costs arising from disrepair claims, anti social behaviour claims etc.

Services

The Association's service costs cpu of £397 was 24% higher than the sector median in 2016/17 and is projected to increase to 18% higher than the sector median from 2017/18 as a result of the expected reduction in Supporting People income meaning that costs formerly funded by this income stream will now be funded through the service charge. The association has 147 properties which are designated as Housing for Older People which have a disproportionately high service cost, in addition to a number of general needs properties with service charges.

Our key challenges for the future to ensure Value for Money will be:

1. ensuring the optimum price is secured when buying services.

2. ensuring that robust plans are in place to deal with the service impact of proposed changes to the funding of services for sheltered schemes.

Maintenance

The Association's maintenance costs at £999 per unit were comparable with the sector scorecard median of £925. Due to the diverse needs of our customers, Arawak Walton provides additional services such as burglar alarms for each property which contribute towards the additional costs. This is something which we don't believe are provided by our peers on a comparable basis. The Association maintains its position of selecting local contractors as part of its social purpose and value for money is always obtained for every contract. It is projected that costs will fall slightly below the median from 2017/18 onwards.

Our membership of Housemark has identified that compared to our peer group in 2016 (the 40 other housing associations under 2,000 units operating in England), the Association's average cost of a repair is 67% of the peer group average in 2016 and just below the peer group median in 2017. However, the Association undertakes 163% of the average number of jobs per property performed by members of the peer group. This means that the Association's responsive repairs service costs more than our peers because we undertake a higher number of jobs per property. The 2017 comparable data in terms of number of jobs completed is not yet available but we will undertake an analysis when available.

Our key challenges for the future to ensure Value for Money will be:

1. to deliver the responsive repairs service at the sector median. The Association provides a maintenance service that meets the needs of a diverse tenant base with different cultural and religious needs. We estimate we would need to make an £80k cost reduction by year 4 resulting in an almost 2% increase in operating margin, allowing the association to acquire an extra circa 10 homes, a reduction in the maintenance cpu to just over £900 per property, closer to the sector median. The Association will work towards reducing the number of jobs in the year as this could lead to greater efficiencies and cost savings.

Major Repairs

The major repairs cpu was 32% above the Housemark sector median in 2015/16, but reduced to only an 8% increase in 2016/17 when compared to the sector scorecard data. Inevitably major repairs expenditure can be cyclical as it was in the case of these two years: expenditure was abnormally high in 2015/16; in 2016/17 changes to staffing in the maintenance team resulted in a much smaller programme of component replacements being undertaken in the year, with a significant corresponding reduction in costs to £640 per unit compared with the scorecard median of £699.

The association has worked closely with other smaller local housing associations in the North West over the course of the last few years to identify good procurement practice for major repairs and this has had a significant impact on the cost of some component replacements, the cost of a boiler installation falling by 15% between 2013 and 2017.

Our expectation is that over the medium term, major repairs cpu will be approximately 30% (£250k) above the sector median.

Our key challenges for the future to ensure Value for Money will be:

1. to use robust procurement and tendering procedures to ensure that the lowest price is paid to secure the optimum quality especially for direct costs which make up the bulk of the costs for major repairs.

2. to ensure a well trained and stable staff team, with minimal use of agency staff, to control maintenance costs where staff constitute a significant element of cost.

3. to review the asset lifecycles and other elements of the component replacement plans to ensure that they remain appropriate.

Ratio of Responsive to Planned Repairs

The ratio was distorted by the unusually low level of component replacements undertaken during 2016/17. The association undertook a significant programme of planned asset investment work in 2015/16 and this ratio was much closer to the sector median as a result. Our future ratio is expected to be closer to 1:1, rather than the sector scorecard median of 0.7:1.

Our key challenges for the future to ensure Value for Money will be:

1. to deliver the responsive repairs service more efficiently, with less individual jobs to reduce the ratio of responsive repairs to planned repairs in order to move closer to the sector average, in line with the direction from the Board.

Interest cover

The Association's interest cover ratio of 3.5 compares favourably to the scorecard median of 2.31. This is partly due to the higher operating surplus in the year plus the receipt of the historic rent restructuring grant (RRG). Going forward the ratio's are expected to fall slightly due to the loss of the RRG and of the projected increased spend on component replacements, although still well within the minimum ratio's required by our funders. The capital investment programme was smoothed over a number of years in the business plan to reduce the effects of one-off spikes in future years. The Association has 50% stock condition data and is validating the remainder of the stock with an external partner as part of the Asset Management Strategy.

Gearing

Arawak Walton has a gearing figure of 50% as per the scorecard metrics. This is slightly above the median figure of 44%. However, it must be noted that the majority of the Association's gearing calculations are on a traditional 'Net Worth' calculation basis (not the methodology used in the scorecard calculations) so is not directly comparable.

Overheads

The overheads percentage of 18.73% is high when compared with the scorecard median (11.98%). Officers are currently looking into these costs to try to determine where the Association is different from peers in other associations. Arawak Walton has a very flat staffing structure and only employs a relatively small number of people in the Association so costs are not considered to be excessive. In terms of local comparable Associations, these percentages ranged from 6.27% to 17.48%.

£ Invested for every £ generated

The Association has a fairly modest development programme at present, with a target of 10 new Homes each year until 2022. However the recent acquisition of 19 properties in 2017 helped to increase last year's additions to 28 resulting in approximately 90% of the operating surplus being re-invested into new properties. The Association will continue to look for further opportunities to introduce new properties subject to internal investment criteria and funding constraints.

Customer satisfaction

The Association has continued to receive good feedback in the year regarding our services, with a 90% satisfaction rate. This is above the sector median of 87.05% and almost exceeds the upper quartile figure of 91.18%. We will continue to invite feedback from our customers about our services in order to improve the customers' experience.

Occupancy

Occupancy levels are high, with all available properties let in 2017. This is a result of the relatively low turnover of our customer base plus also quick turnarounds from our contractors to complete the works on a property when it becomes vacant. 19 further properties are currently being worked on and will be available for letting shortly. The Association currently has a waiting list for properties which is subscribed many times over.

Rent Collected

The amount of rent collected in the year has exceeded 100%. This is due to proactive work by both the Association's housing staff and also our money support officers who assist our residents with any money concerns and work with them to ensure that they are receiving their full entitlement to any necessary benefits due. This will also assist our residents to embrace the changes required with the imminent introduction of Universal Credit.

Other Matters

The association has a modest programme of community support which amounted to £11,000 in 2016/17. This budget allowed us to support a range of community activity in the traditional "heartlands" where our stock is located. Activities supported during the year included: support for a Thai kick boxing classes for girls, football events organised by an anti domestic violence charity, and support for homeless and food bank charities.

During the course of the year we worked closely with the Boaz Trust, a local charity with a national profile which provides support to refugees and asylum seekers, to provide tenancy management and repairs services at marginal cost to the Trust.

Our component replacement programme and especially the replacement of boilers have positive benefits for our tenants. Their energy efficiency reduces household heating bills.

Towards the end of the financial year, we put in place intensive welfare advice provision for some of our tenants, enabling them to review their benefit entitlement and in some cases claim significant sums of money. This also helped a number of beneficiaries to sustain their tenancies.

Section 5. How did we perform against our plans?

In our 2014/15 VFM Self Assessment we set out a number of plans for the period 2015-2017. We identified 10 activities in the Assessment. The announcement of the four year rent cut in the 2015 Emergency budget, together with the slower than anticipated rollout of Universal Credit, led to changes in the prioritisation of some of these plans, but also saw the introduction of other measures, such as the end of the Association's subsidised social rent development programme, the introduction of a four year cost of living pay freeze for staff and major changes to our asset management strategy, which helped ensure the Association maintained its future covenant compliance.

This section focuses on the plans which are quantifiable or which resulted in a specific output. The plans outlined in our last statement are shown below in italics, and the progress to their achievement in shown in normal type immediately after.

- review additional opportunities to benchmark cost and quality measures with other Associations, and use this information to help prioritise future VFM activity. The Association joined the Housemark benchmarking service in 2016/17 and some of the data this provided for us is included in this report. The Association also signed up to pilot the Sector Scorecard early during 2016/17 and this will become one of our tools to drive change in the future.

- *work to increase customer satisfaction measures and measure these using a number of methods including a triennial STAR survey (2015).* The STAR survey shows consistently improving performance across almost all of the ten measures. The survey indicates these are within the first and second quartiles (Housemark STAR report, 2013/14).

- the introduction of a four year pay freeze for staff from April 2016 to help contain cost and save circa £80k of inflationary pay increases. In April 2017, at the start of the second year of the pay freeze, Board agreed to make a 1% cost of living award to staff in recognition of the post Brexit inflation rate which was increasing. The award

was funded from miscellaneous reductions in overhead budgets, and Board have made no commitments to deviate from the pay freeze in the next two years.

- *drive an ambitious two year programme of improvement to reduce current tenant arrears by 2% (£100,000).* Our rent arrears fell from £284k in April 2015 to £201k in April 2017, a 41% reduction.

- *develop a plan to ensure the costs of the direct payment to tenants, as the result of Universal Credit, are controlled and minimised.* We are developing our experience of securing Alternative Payment Arrangements and working with the DWP to minimise financial loss. We are also offering intensive welfare benefits advice to tenants affected by welfare reform.

- *continue to fix loans at current favourable rates of interest where this is appropriate.* We fixed £700k of loans for 9 years at an average rate of 3.65%, less than our 2015/16 weighted average cost of capital of 4.15%. We negotiated a new £5m loan agreement recently with even lower margins than our current facility.

- *appoint a treasury advisor to help ensure the next funding round gives the Association the best possible funding deal.* We appointed David Tolson Partnership to act as treasury and funding advisors and they helped the Board select the best of a range of competitive funding offers.

- *generate efficiencies which will enable us to deal with the increased workload arising from Welfare Reform without any significant increase in staff costs.* During the year we identified efficiencies which saved almost 1% of turnover.

-Address those areas in which our KPI performance is below average. Two key areas were tenant arrears and the relet time. Tenant arrears have fallen by £83k (i.e. 30%) over the course of the last year. The relet time has fallen from 46 days in 2015/16 to 23 days in 2016/17.

- *acquire at least ten additional properties per year for letting at below market rent for waiting list applicants.* In 2016/17 we acquired 27 homes for letting at social or sub-market rent. We bought the freehold of a further 33 properties we had previously leased from a partner housing association.

- *review the delivery of the asset management function to ensure it is efficient and continues to deliver our requirements.* Our review led to the appointment of a new Asset Manager working four days a week.

- *utilise the proceeds of the new Right to Buy to provide more homes for waiting list applicants and target our acquisitions in areas offering the best value for money.* The introduction of the Right to Buy has been delayed and we await the detailed regulations from Government.

- *undertake a major redesign of our website which will make some of our services more accessible to tenants who opt for digital service delivery.* The website was redesigned with the help of external designers and now provides accessible services for tenants including the online review of rent information and repairs history review.

We have seen an increase of 5% in the amount of online payments in the 6 month period Jan-Jun compared to the prior year.

Section 7. How will we use Value for Money gains?

Value for money gains which generate a cash saving will be used to reduce the cost of borrowing to develop new homes.

Section 8. Conclusion

The Association delivered significant value for money during the course of the year. Relet times were significantly reduced, resulting in a far smaller void rent loss than in the previous year, equivalent to a 1% increase in Operating Margin. Two years of focused work led to a significant reduction in tenant arrears and brought in over £80k cash to the association. We have also increased the number of homes in ownership during the year by 5%, including acquiring an additional 27 homes for letting to applicants on our waiting list.

We have delivered on most of the actions we set out in previous Value for Money self assessments.

The new sector scorecard measures have been introduced for 2017 and the Association has participated in the pilot scheme. This will provide a useful source of data to use to assess our own performance and how we compare to others in the sector.

Arawak Walton Housing Association complies with the requirements of the Value for Money standard.

A copy of this statement is available on the Association's website at www.arawakwalton.com