Value for Money – Self Assessment 2012/13

The self-assessment covers Accent Group and all of its subsidiaries including Accent Foundation, Accent Nene and Accent Peerless, our primary registered housing providers. The regulator's value for money standard is:

> "Registered providers shall articulate and deliver a comprehensive approach to achieving value for money in meeting their objectives, taking into account the interests of and commitments to stakeholders. This means managing their resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering year on year improvements in value for money".

We have used a traffic light system to assess each part of the standard as follows:

Does not meet the standard	Partially meets the standard	Meets the standard

How we have gained assurance in reaching their view on value for money	

The board has gained assurance as follows:

- Review of accounts and key performance indicators at each board meeting
- Discussion and review of paper on value for money prepared by Group Finance Director at board meeting of 19 March 2013. This included review of 2012/13 action plan and latest Housemark benchmarking analysis.
- Joint value for money workshop on 24 April 2013 with extended senior management team and board members
- The board includes one resident but it was agreed that our approach to value for money needs to be subject to better scrutiny by residents in future years.

An understanding of the cost of delivering specific services, which underlying factors influence these costs and how they do so, and how costs relate to appropriate benchmarks	

We understand our costs and what drives them and through Housemark benchmarking we can compare ourselves with others (see table).

	Accent Group	median (UK)
Responsive repars and voids	£ 710	£ 743
Major and cyclical works	£ 1,531	£ 1,337
Rent arrears and collection	£ 167	£ 112
Lettings	£ 123	£ 60
Tenancy management	£ 167	£ 100
Anti-social behaviour	£ 98	£ 61
Resident involvement	£ 88	£ 70
Estates servcies	£ 227	£ 162

We accept that when compared with others the cost per property for the majority of services appears to be high and in some cases very high. The reasons for this are

- This data is now over a year old and we are confident that our costs will be around 10% lower when the next results are produced due to changes already implemented in our cost structure.
- All service costs are high because of the duplicated overhead costs of central and support services across three registered providers within the group. This is being addressed via our ‘Fit for the Future’ changes.
- We are at the peak of investment costs to replace our outdated ICT systems
- Major and cyclical works costs are higher due to large investment programmes in 339 properties in Easington and Manningham (Bradford)
- Lettings and voids costs are higher because of high turnover in some areas especially the north-east.

The efficiency gains that have been and will be made and how these have and will be realised over time.	

Our main efficiency strategy over the past three years has been the year on year reduction of 10% for corporate services and the de-risking of the group through disposal of non-housing commercial activities.

During the year we withdrew from commercial activities in ARCP due to risk exposure running DWP’s work programme. We lost £1.25m on these activities during the year.

Our current main strategic objectives in relation to efficiency are:

- restructure Accent Group to ensure that our staff resources are focused where they will have the biggest impact on our residents, delivering the quality of service that they expect.
- generate savings of £1.75m per annum by March 2014 - equivalent to about 8% of our operational costs - this improvement in value for money means we can invest to make more of a difference every year
- simplify governance by replacing the three existing registered provider (RP) boards and their committees and reviewing the roles of our local resident’s panels and forums.

A robust approach to making decisions on the use of resources to deliver the provider’s objectives, including an understanding of the trade offs and opportunity costs of its decisions. There will be clear evidence of delivery which may include: new supply, improved services and housing stock, and neighbourhood and community investment	

Under the Group Financial Regulations, budget management is a fundamental planning and control tool. An on-going process of financial and operational planning is undertaken on an annual cycle, culminating in the approval of a budget before the end of the preceding year. Decisions to commit to investment are made by the Group Board advised by the Asset Management Committee.

We have recently established a set of asset management principles that will combine the current strategies of RPs (x3). The principles build on improving our property offer, improving customer satisfaction and creating employment and training opportunities. In 2012/13, in accordance with the existing strategies we have completed over 100 new homes for rent and shared ownership and commenced 258 new homes and leveraged additional grant and recycled capital grants to fund 126 properties in Runnymede, Surrey. Overall we will complete 412 new homes by March 2015. In addition we have:

- sold 48 new homes for shared ownership with a gross receipt of £3,585k
- committed investment of £10.3m in Easington to improve 339 existing homes
- completed the first phase of improvements in Manningham involving the refurbishment of 30 homes and the conversion of 29 flats to 9 family homes significantly increasing customer satisfaction and reducing turnover to nil.
- disposed of 35 individual miscellaneous properties.

An understanding of the return on its assets, and a strategy for maximising the future returns on assets, measured against the organisation's purpose and objectives	

	AFL		ANL		APL	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Return on Assets						
Operating surplus / Housing assets	2.2%	2.2%	4.4%	3.4%	4.6%	2.4%
Operating surplus / Net assets	4.1%	3.9%	11.2%	9.5%	10.6%	5.8%

The Board set the target for the consolidated pre-tax surplus at between £2m and £3m. In practice, surpluses are set for each RP in order to satisfy lenders' covenants, which when consolidated, result in a group surplus in the £2m-£3m range. The retention of the competitive rates of interest on our borrowings is an important constituent of value for money and assists in delivering our strategic objectives. Maximising surpluses (and the return on our assets) at the expense of investing in our stock would not make sense as covenants are already met at existing levels and under-investment in our stock is not conducive to the long-term interests of residents or the business.

A rigorous approach to assessing options for value for money improvement, including where there are potential benefits in alternative delivery models that may involve partnerships, mergers and/or contracting with third parties	

During the winter / spring of 2011/12 the board members of all registered providers undertook a thorough review to consider the future of the organisation and the best outcomes for residents. During this process the board considered and rejected a number of options:

We are satisfied that we took the correct decision in selecting our Fit for the Future programme of change and the consolidation of the group into a single entity. Our approach has been justified by the recently regulatory judgement that awarded the highest ratings (V1 and G1) for viability and governance.

Overall we know we have much more to do on improving value for money. We believe our current priority of implementing our new organisational structure and the personal, modern and better service will deliver significant improvements in value for money over the next two years.