



Value for Money Statement
2019/2020

Review of financial performance:

TCHA made a surplus of £157,230 in 2018 (in comparison with the surplus of £58,121 made in 2017).

Description	2018 (£000)	2017 (£000)	2016 (£000)
Rental income	2169	2,168	2,176
Operating cost	1879	1,922	1,861
Operating surplus	392	348	396
Interest payable	301	337	352
Management cost	494	492	461
Maintenance cost	99	101	154
Capital expenditure	13	59	137
Operating cost to Rental Income	86.63%	88.65%	85.52%
Surplus to Rental Income	18.07%	16.05%	18.20%
Interest to Rental Income	13.88%	16.54%	16.16%
Management cost per unit	1539	1629	1528
Maintenance cost to Rental Income	8.17%	9.15%	14.34%
Capital expenditure to Rental Income	1.32%	7.50%	18.10%

Investing our surpluses on new build

No of new units 2016	No of new units 2018	No of new units 2018/19	No of new units 2019/20
12	16	20	15

Rent:

The Association continually reviews its rent policy. The main aim of the policy is to ensure that rent charged is affordable, fair and contributes to the financial viability of the Association and that it meets the performance standards set by the Homes and Communities Agency's Rent Restructuring and Convergence Requirements. In the current financial year we have implemented the 1% rent reduction for our residents as per regulatory requirement. This year on year 1% rent reduction will be in force till 2020.

Maintenance:

Despite the rent reduction and constrain in our finances, the Association invested £49,967 in planned maintenance and cyclical works. This amounted to 2.65% of TCHA overall expenditure. The day to day repair cost this year amounted to 2.19% of our overall expenditure.

Re-investing in our homes

Year	Kitchens	Bathrooms	Boilers	Electrics
2018	£3,418	£0	£9,138	£0
2017	£17,981	£11,305	£8,191	£3,001
2016	£43,657	£30,188	£20,918	-

Tenant and community welfare:

Tamil Housing has, and will continue to, invest in tenant and community welfare and development activities that are central to its core vision. This year, we spent a total of £41,687 on our tenant and community welfare activities. This amounts to 1.80% of TCHA's overall budget. The key activities we delivered on tenant and community welfare includes:

Activity	No of beneficiaries
Tenants Scholarship Fund	10
Key stage support	34
Summer garden	31
Summer trip	47

The Management Board:

The Board and Sub-Committee met 8 times during the year. The Board looked at the progress made against our Business Plan, stress tested financial projections and approved the budget of the Association. The Subcommittee carried out scrutiny of our performance and policies, periodical management accounts, preparation and monitoring of the budget, business plan and financial projections etc before they were presented to the full Board.

This year, the Board Members spent most of their time monitoring the progress made by the Association against the targets set above, its delivery plan and the operational priorities including key performance areas agreed for the year in question. The Management Board also spent a significant proportion of their time ensuring Governance is upheld whilst the Association continues to strive to achieve the highest level of satisfaction of the tenants with the services provided to them. Furthermore, a considerable amount of time and effort was also dedicated by the Management Board members to scrutinise financial matters, in particular, financial covenant compliance of the Association as well as the new build development opportunities to them.

The key areas of focus and targets achieved by the Management Board this year are as follows:

- Adopt NHF Code of Governance 2015
- 'Streamline' TCHA Development processes
- Review TCHA's updated BP
- Review loan agreements so as to fund the immediate development pipeline
- Scrutinising the delivery of Borehamwood Isopad development
- Agree Terms of Reference for the Audit and Risk Committee
- Revise TCHA's Business Plan, financial forecast and stress testing
- Review L & Q agreement

Our value for money strategy

The Strategic Plan aims to achieve our objectives through an optimum use of our available funds, property assets and staff and community resources to maximise the best possible outcomes for our residents and the community at the lowest possible cost, in terms of increased independence and enhanced health and well-being, better and equal access to educational and employment opportunities, and promotion of community led innovative housing solutions. The Value for Money we offer is built upon best use of our key resources.

Value for money is a long standing concept and is referred to as the relationship between economy, efficiency and effectiveness (known as the three 'E's).

Our approach to value for money is as follows:

- improving performance and outcomes
- increasing resident and community satisfaction
- managing down the cost of our services

Value for money is sometimes wrongly interpreted to be the cheapest option. This will only achieve economy and may not meet the efficiency or effectiveness requirements. It is important that TCHA take a balanced approach to value for money to give the optimum and outcome and customer satisfaction to the people and communities we serve.

Our key resources

Properties:

We own and manage 314 properties which are in good condition, meet the Decent Homes Standard and provide secure, safe homes for our residents.

TCHA Offices':

The Office building that we own that is in good and rentable condition.

Staff:

We have 6.5 staff; and 3 of them are front-line staff providing housing management, support, empowering residents to continue living independently.

Management Board & Senior Management Team:

We experienced and committed Board of Management and Senior Management Team who have positive reputation with our statutory partners as well as the grass-roots non-resident community.

Finance:

Our business is financially strong with a strong asset base and good reserves. Over 85% of our financial resources are invested in our property stock that is being used to provide housing for our clients.

Community owned properties:

There are sizeable numbers of buy to let properties owned by individuals within the community to whom TCHA has direct access.

Community finance: TCHA have access networks of high earners within the community who has real potential to jointly finance future build programmes with TCHA.

Other community resources and expertise: TCHA has access to range of community led networks and individuals – community groups, community owned businesses and community professionals working in the mainstream that has affinity to, and will partner with TCHA, to promote innovative solutions to meet the housing and related needs as well as challenges.

Value for Money Strategy will provide an overarching link with Board from a Governance perspective, budget and business plan for monitoring financial performance as well as IT and performance management functions. It is also linked to various strategies such as Asset Management, Human Resources, Finance, Growth and Development Strategy, TCHA Community Development Plan and acts as a common thread passing through the business and the overall Strategic Plan.

VfM Matrix (as per Homes England revised guidelines)

<u>Value for Money</u>	<u>Mar-18</u>	<u>Mar-17</u>
<i>Metric 1 - Reinvestment %</i>	8.91%	3.85%
<i>Metric 2 - New Supply Delivered (Social Housing Units) %</i>		
<i>A. New Supply Delivered (Social Housing Units) %</i>	10.46%	0.00%
<i>B. New Supply Delivered (Non-Social Housing Units) %</i>	0.00%	0.00%
<i>Metric 3 - Gearing %</i>	38.44%	36.32%
<i>Metric 4 - EBITDA MRI Interest Cover %</i>	203.65%	151.15%
<i>Metric 5 - Headline Social Housing Cost per Unit</i>	£2,468	£2,676
<i>Metric 6 - Operating Margin %</i>		
<i>A. Operating Margin (Social Housing Lettings) %</i>	19.15%	16.02%
<i>B. Operating Margin (Overall) %</i>	19.15%	16.02%
<i>Metric 7 - Return on Capital Employed %</i>	2.15%	1.80%

Other VfM activities and achievements linked to TCHA's Business Plan:

We carried out a pilot project with Jothy Foundation, a specialist mental health charity to support vulnerable tenants. A total number of 8 residents were supported for independent living this year. In light of the supported housing funding cuts, partnership with Jothy Foundation enables TCHA to continue provide the additional support that vulnerable tenants needs at nominal cost.

We developed our partnership with Tamil Association of Professionals, run by a group pf young people. This is important strategic initiative which will enable TCHA to reach out to young people. Previously, instigated the development of the

construction professionals network and held a free building materials and fire safety seminar was held and it was attended by 20 people in total including 8 HA partners. At present, this group is in the midst of a work placement initiative for young people. This will be facilitated by TCHA and it will benefit an estimated 25 Tamil Housing residents and community members in the next 3 years.

Complete the development business model for community landlord's repairs scheme. The first affordable home, using this approach, will be brought forward in July 2018. The estimated rent savings for a potential tenant who would otherwise rent his/her home at market rent is £130 per week.

Complete review of the business model for community landlord's management scheme and agreed forward strategy.

We increased office rental income from £43,750 to £46,588.

We bench marked TCHA's KPI's against other small and specialist HA's who are of similar size to TCHA.

We also took part in Business Score card development with other small and specialist HA's. This has enabled TCHA to better understand the cost and quality of its service.

We completed collation of baseline data for all tenants and welfare activities, enabling TCHA to carry out own impact assessment in the coming years.

This year, we reviewed our approach and received competitive tendering for Employment Agent services and it resulted in a VfM savings of £742.

General needs housing performance

Description	2018	2017	Median 2018
Performance			
% Void Loss	0.53%	0.25%	
Rent arrears	7.72%	7.14%	
Rent collection	98.96%	98.80%	
% of emergency repairs within target	97%	100.00%	
% of urgent repairs within target	95%	99.00%	
% of routine repairs within target	93%	93.00%	
Financial Comparators			
Interest cover	2.12%	1.72	
Gearing	68.37%	55.40%	
Operating cost % of Turnover	80.85%	83.98%	

Average weekly management cost per unit	29.60%	31.32	
Weekly operating cost per unit	112.98%	123.73	
Total repairs spend per property per week-Owned units	12.31	18.28	
Debt per unit owed	£50,596	48,536	

BME LONDON COLLABORATION:

As a group of fourteen BME Housing Associations we continue to explore all opportunities for collaborative and joint working. The group continues to deliver projects, and realise value for money.

The aim of this 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 and lack of resources

Through HALA the group has achieved savings of 22% on legal fees (15k saved out of a potential fee of £75k) with additional L&D HALA savings of £2575 giving an aggregate saving of £17,776.

Most of the organisations in the collaboration group are growing organisations, who are increasing their presence through developing houses or acquiring more homes. All organisations are also 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, not only through the project groups listed above, but also through a Joint Development Vehicle outlined earlier.

COMPLIANCE WITH THE GOVERNANCE AND FINANCIAL VIABILITY STANDARDS:

TCHA's constitution is set out in the Rules adopted on 14th September 2017. The Association complies with the HCA's Governance and Financial Viability Standard through an effective Board of Management, Standing Orders, having an agreed risk management framework, stress testing of the business plan, reporting to the Board on compliance with lenders' covenants and sufficient liquidity to meet contractual commitments, effective system of internal controls, assets and liabilities and a fraud register regularly reviewed by the Audit and Risk Committee (the Committee).