**Value for Money and Performance**

Rooftop welcomes the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2018/19 and is taking appropriate action to ensure compliance with the new standard in future years.

The Board agreed the Corporate Plan for 2018 to 2023 which monitored and reported on against the targets to Board on a quarterly basis.

The following actions were planned for 2018/19 that would have an impact on our performance:

* A full review of the Group structure to maximise our assets and impact.

*Good progress has been made and we aim to complete this work in 2019/20. A straightforward transfer of assets was not possible in order to maintain savings of c£700,000 via the Cost Sharing Group with Fortis Property Care Limited. A number of social housing properties will need to be held in RHL.*

* A target to generate £3 million through sales of non-core assets.

*This cannot be completed until the wider work on the Group structure is completed. We are talking to our lenders about moving our loans and secured properties from RHL to RHA. We will then be able to dispose of identified properties based on an assessment of geography, tenure and performance*

* Successfully implement the Aareon QL new Housing Management System as a key enabler of digitisation and efficiency.

*Implementation is still in progress, phase one of the project is now due to be completed during 2019/20.*

Rooftop reported on the Sector Scorecard as its suite of performance metrics for the first time in the 2017/18 Annual Report and Financial Statements. The Sector Scorecard includes the nine metrics specified by the Regulator. The group-wide results for 2018/19 are set out below, with comparatives from 2017/18 of our own performance compared to our targets for 2018/19 and that of our peers. The targets are embedded in Rooftop’s budget and performance processes. The table summarises our performance over two years and our target for 2019/20:

**Current year performance and future target**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Regulatory metrics | 2017/18 result | 2018/19 Target | 2018/19 Result | 2019/20 Target |
| Metric 1 - Reinvestment Percentage | 6.2% | 16.5% | 9.5% | 10.6% |
| Metric 2a - New supply delivered (social housing units) | 1.2% | 4.5% | 3.3% | 3.8% |
| Metric 2b - New supply delivered (non-social housing units) | 0.0% | 0.1% | 0.1% | 0.0% |
| Metric 3 - Gearing | 62.1% | 64.0% | 61.0% | 61.0% |
| Metric 4 - EBITDA MRI as a percentage of interest | 177.2% | 153.0% | 182.0% | 159.0% |
| Metric 5 - Headline social housing cost per unit | £3,000 | £3,109 | £2,988 | £3,226 |
| Metric 6a - Operating Margin (overall) | 41.1% | 38.4% | 39.4% | 32.0% |
| Metric 6b - Social Housing operating margin | 46.7% | 44.7% | 43.8% | 40.1% |
| Metric 7 - Return on capital employed (ROCE) | 5.0% | 4.4% | 4.9% | 4.1% |
| Other Sector Scorecard metrics |  |  |  |  |
| Customer satisfaction | 89.5% | 90.0% | 90.0% | 88.0% |
| £s invested for every £ generated from operations in communities | £0.03 | £0.04 | £0.05 | £0.04 |
| Occupancy | 97.5% | 99.2% | 99.8% | 99.2% |
| Ratio of responsive repairs to planned maintenance spend | 1.1 | 1.1 | 0.54 | 0.56 |
| Rent collected | 99.9% | 99.1% | 99.6% | 98.6% |
| Overheads as a % of adjusted turnover | 11.5% | 12.7% | 11.7% | 11.5% |

The VFM metrics show a that there is an adverse impact in the metrics relating to **new supply and reinvestment**; this is due to a large site at Black Dog Way (95 units) not being completed during the year. The delay was due to a Board decision to include a sprinkler system in the flats, to improve the health and safety of the site. New supply is financed primarily through borrowing, and as expected this has led to a short-term improvement on borrowing-related metrics **gearing and EBITDA MRI**. We are committed to providing 1,000 homes by 2023 and will continue to monitor this against our plan, the units we have not completed this year will be handed over in 2019.

Our costs relating to **Headline social housing** cost per unit are slightly lower than we forecasted for the year, we will continue to monitor these and ensure we are providing value for money for our customers, while maintaining our homes to the highest standard. The majority of repairs and maintenance works are provided by Fortis Property Care as part of the cost sharing vehicle.

Our **overhead costs** are higher than the target in 2018/19, this is due to an increasing number of staff who are classified as overheads. We will continue to review our structures to ensure they are fit for purpose and providing the right level of support for our customers. Where new posts are requested to be added to our structure the impact on our overheads will be challenged along with the value the post adds to our organisation.

Rooftop Housing Group Limited successfully developed eight homes for Outright Sale during 2018/19, this target was achieved by 31 March 2019.

**Last year’s performance targets**

Last year, we set eight targets for the year. Results are given below. We have achieved five of the targets. We are particularly pleased that we achieved our 90% satisfaction with services target.

Our void turnaround of c11 days (general needs) is also encouraging and is among the best performance we have delivered in the past five years.

New homes built (as a percentage of current stock) was based on us achieving 226 completions. This measure matches regulatory metric 2a. Our actual number of completions against this definition was 214 due to a decision to delay the completion of Black Dog Way in order to install sprinklers. In addition to this we completed four Gypsy and Travellers units and eight outright sales.

There is an overlap between our previous metrics and the new Sector Scorecard. We will be using the Sector Scorecard as our main performance framework in the future.

Our overheads have been slightly higher than target for the year and going forward we will continue to focus on how we drive this down below 11%. We employ a highly skilled workforce and are currently looking to modernise Rooftop and transform the way we work, which requires investment before efficiencies pull through in the years ahead.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2018/19 targets | 2017/18 target | 2017/18 result | 2018/19  Target | 2018/19 result | 2018/19 Target achieved? |
| Overall satisfaction with services | 90.0% | 89.5% | 90.0% | 90.0% | Yes |
| New homes built (as a percentage of current stock) | 1.6% | 1.2% | 4.7% | 3.3% | No |
| Operating margin (overall) | 40.2% | 41.1% | 38.0% | 39.4% | Yes |
| Overhead costs as a percentage of turnover | 11.6% | 11.5% | 12.0% | 11.7% | Yes |
| Rent collected | 99.8% | 99.9% | 99.1% | 99.6% | Yes |
| Average time to re-let empty social homes (days) | 14.0 | 12.4 | 12.0 | 11.3 | Yes |
| Satisfaction with repairs and maintenance | 87.0% | 75.2% | 91.0% | 89.5% | No |
| Satisfaction with new homes | 97.0% | 100.0% | 97.0% | 96.6% | No |

**Peer Comparison**

As part of the Value for Money Standard we must include data around peer comparison, we have had a piece of work carried out by Vantage. They have identified the peer group based on geographical location, stock size and similarity.

All data has been gathered using the Global Accounts Plus data.

In comparison to our peers we have maintained a high operating margin, this is one of our key targets and we are proud to report this.

One area we faired less favourably in is gearing, this is due to the high level of borrowing against stock. We are trying to ensure all our assets work for us, so we can continue to provide new homes and this is further reflected through the EBITDA calculation.

**What we have achieved in 2018/19**

**Great Homes**

In August 2018 the Board approved a Financial Business Plan which included their vision to build 1,000 homes by 2023. This includes Grant Funding as part of the New Ways of Working that Rooftop was successful in receiving as part of the Matrix Group. The additional grant rate and the profile of receiving the grant has helped Rooftop to be able to meet its vision to provide more homes for local people. The grant due to Rooftop as part of the programme is £8.2 million. This can be claimed in advance of start on site of the schemes, which will delay borrowing requirements and therefore reduce interest costs.

Within the 1,000 homes are a mixture of social rent, affordable rent, shared ownership and outright sales. The outright sales will help fund more social homes and to meet the objectives of the group.

Of the 1,000 homes the group successfully completed 190 homes in 2018/19 (August 2018 to March 2019). In addition to this 36 further homes were also completed before August 2018.

**Sustainability**

Electric Car

In 2018/19 we leased an electric car for staff to use for business trips. All staff are encouraged to use the vehicle when available instead of their vehicles, thus promoting a healthier environment.

**Successful Lives**

Community Investment Strategy

A number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been provided by key staff working together in their communities to create efficiency and streamline working practices. We have built on and strengthened partnerships both internally and externally, such as with Citizens Advice Bureau (CAB) in the effective management of Universal Credit (UC) cases and more strategically with local authorities and county council health and social care teams to improve services for customers and attract resources.

Customer Voice

For both customers and the organisation we strongly believe that we should only expend resources and take up customer time, where it is going to lead to a quantifiable difference to the decisions we make over allocating resources, the services we provide or the types of products we offer.

The views and voices of our customers are vital in ensuring we are delivering homes and services that meet the needs of our communities. We have introduced smaller patch sizes for Neighbourhood Officers to enable more community-based engagement to deliver thriving communities where people are provided with a good home, a sense of purpose and a sense of belonging and inclusion. This has helped to improve engagement from a wider representation of customers which in turn has increased customer satisfaction.

From a governance perspective, we have robust resident scrutiny via our Resident Excellence Panel (REP) which is a mechanism to enable the Customer Voice to be heard at the highest level to inform decision making. The REP has consistently generated excellent reports and made improvements to services and we have increased the number from four to six to ensure the capacity is there to review four service areas per year.

These changes are supporting the delivery of a number of outcomes towards fulfilling Rooftop’s ambition of Successful Lives and, in partnership with local people and partners, build on existing strength, assets, capacity and capability to create self-reliance and independence. We want to ensure we are delivering efficient and effective customer engagement and to allow for future growth.

**Better Business**

We have progressed our review of the group structure during the year, this is still in progress, we have negotiated successfully with our funders and made good progress. In April 2018 we completed the transfer of RS&C into RHA to simplify the structure, there was no borrowing in RS&C and just two homes to transfer into RHA. In 2019/20 we expect to continue with the transfer of most of the homes from RHL to RHA and all loan agreements.

Performance of our non-social assets

The properties below are all classified as non-social housing, the table below details their performance for the last three years:



We have shown a positive return on each of the schemes over the last three year, the properties in RHL have all been reviewed and we recognise some are outside of our geographical area that we work within.

We originally planned to sell all our properties at Nuneaton and Biddulph. We disposed of seven market rent properties at Nuneaton at auction during the year, leaving just two properties at this location in RHA. There are a further seven properties at Nuneaton in RHL. We are now looking to dispose of the remainder during 2019/20 once we have transferred the properties to RHA.

A piece of work was started in 2018/19 to review the office facilities for head office for Rooftop, which is currently based in Evesham. A number of options have been explored and costed, the decision has been made to re-negotiate the lease at High Street, Evesham, this will provide the best value for the group whilst minimising disruption to our staff and customers.

Working in partnership with Fortis Property Care (FPC) has saved the group £674,000 in 2017/18. FPC provides the group with a repairs and maintenance service for our properties.