

# Accord Housing Association Limited

Value For Money Statement 2021

# Value For Money

## Introduction and overview

Throughout the year Accord has continued to demonstrate its commitment to ensuring that Value for Money is at the heart of operations and activities, and that value added services are delivered to customers and communities. Value for Money remains increasingly important in the challenging operating environment, increasing customer expectations, the on-going housing crisis with high demand for affordable rented properties and enhanced regulatory requirements on tenant's safety and compliance.

Accord continued to demonstrate that resources are invested efficiently and effectively to maximise the return on investment, and this is supported by a clear understanding of how resources shall be committed. Accord's Business Plan sets out strategic objectives and the activities and initiatives required to achieve these goals and support Accord's vision. This ensures that resources are applied effectively and that processes are carried out efficiently when work is undertaken.

Accord considers its corporate performance in the context of both ensuring value for money and delivering against business plan objectives by measuring the actions taken to ensure services are not only high-quality, but deliver value for customers, communities, and stakeholders. These activities are underpinned and supported by a Board approved Value for Money Strategy which ensures that resources are used effectively and embedded across the organisation.

The concept of Value for Money to Accord was to ensure the organisation continues to:

- ◆ procure goods and services economically for the right price.
- ◆ be effective in delivering the right services; and
- ◆ deliver activities efficiently and in the right way.

Accord's Board set strategic objectives which translate our core purpose of providing and managing housing and appropriate support services to people in need, into measurable targets across 3 strands of Meeting Need, Great Housing and Services and Good to Great. Our Value for Money Strategy complements our Corporate Plan and articulates how value for money is measured and delivered in achieving our corporate aims through striving to: -

- ◆ Increase operating margins and profitability;
- ◆ Maximise efficiency in operating delivery models;
- ◆ Increase efficiency in the development of new homes; and
- ◆ Be clear and transparent in reporting of value for money.



The Accord five-year Business Plan sets out the organisation's strategic objectives as determined by the Board following consultation with customers, staff, and stakeholders. The business plan translates Accord's shared values into corporate objectives and medium-term goals. Objectives are set in the context of Accord's key purpose which is the provision of homes, support, and services for those in need. As part of the business planning and performance scrutiny process Accord's Board undertakes strategic planning sessions which focus on short to long-term objectives and the effectiveness of these in meeting the core values and purpose of the organisation. The Value for Money driver is clear throughout the Plan with clear links between the key objectives and the Strategy to ensure Value for Money is embedded throughout the organisation in a transparent and meaningful way.

The Plan consistently draws out the on-going growth aspirations of the organisation. Performance is measured against a range of key performance indicators relating to delivery as well as financial performance. The Board remains mindful of the purpose of the organisation, its guiding principles and ethos balanced with a commercial approach to ensuring effective use of its resources, recognising efficiency gains wherever possible and requiring on-going reviews of Value for Money across all business units.

Accord continues to deliver a range of new affordable homes which meet differing needs. Accord works closely with customers and communities to understand housing need on a local basis leading to schemes such as town-centre regeneration projects providing much needed housing for rent and low-cost home ownership homes for families and for older people. The organisation continues to deliver support and care services as it has done for over 50 years, firmly believing that providing just a house is not always enough and the wider offer of support to sustain tenancies, help people in their own homes, with their health and wellbeing is just as important. A balance is therefore struck between providing high quality services and meeting need whilst generating surpluses to support the delivery of such services as well as new housing supply.

As part of the on-going assessment of delivery of new homes and the management of existing units, Accord continues to carry out detailed stock condition surveys and financial appraisals of the efficiency of stock and the return on investment in assets. These were however temporarily paused during the restrictions imposed by Government due to coronavirus. This information supports the delivery of both Accord's Asset Management and Stock Disposal strategies and ensures that funds are invested in a focussed way, maintaining assets which will generate income for the future.

## How Accord performs against its own targets

Value for Money is embedded within our Board approved Business Plan with each corporate objective being linked to one of the four key strategic objectives in our Value for Money Strategy. Corporate objectives are translated into operational action through a suite of Key Performance Indicators which are overseen by the Board and are subject to regular scrutiny by the Executive Management Team and Committees; agreeing actions where necessary to bring performance back in line with agreed targets. Board also receives an additional layer of assurance over the organisation's performance through an annual summary of corporate objectives and business plan targets.

When setting corporate objectives and monitoring performance against agreed performance indicators and targets the Board remains cognisant of the resource commitment to various activities and continue to seek assurance of the opportunity cost of pursuing/not pursuing alternative delivery models. The table below summarises the suite of Key Performance Indicators aligned to demonstrating Value for Money in the delivery of our core operating activities and shows both the performance against the agreed target for the year and a comparison against the prior year's performance.

All performance whether on target or not, receive regular review by the Board and Executive Management Team. Board oversees an annual review and approve future forecasts/targets prior to implementation. The criterion for setting these targets is to ensure they balance being challenging and stretching whilst also being achievable and realistic and therefore demonstrate Value for Money.

Value for Money Performance Indicator	Homes and Communities Directorate			Care and Support Directorate			Peer Group Median
	Target	2021	2020	Target	2021	2020	
Customer satisfaction - repairs	90%	74%	87%	90%	74%	87%	78%
Repairs completed 1st visit	85%	69%	86%	85%	69%	86%	91%
Emergency/out of hours completion time (average hours)	4 hrs	2 hrs 34 mins	1 hr 49 mins	2 hours	1 hr 42 mins	1 hr 2 7 mins	n/a
Properties with a valid gas servicing certificate	100%	100%	100%	100%	100%	100%	100%
Properties meeting Decent Homes Standard	100%	97%	100%	100%	97%	100%	n/a
Time to re-let empty properties (average days)	24	32	38	26	30	22	58
Current tenant rent arrears	3.3%	4.3%	3.0%	1.9%	1.1%	1.7%	2%
Rent collection as % of rent collectable (current)	102%	101%	102%	102%	101%	105%	100%
Rent collection as % of rent collectable (former)	20%	17%	13%	20%	34%	69%	n/a
Average employee sickness (days)	10.4	11.4	9.8	11.3	17.4	17.3	6.7

Peer group is English Housing Associations with stock between 4,000 and 17,000 units.

2021 Key Performance Indications (KPIs) should be viewed in the context of the significant challenges experienced by the association as a result of the coronavirus pandemic which has impacted on both performance against targets (set pre-covid) and the deterioration in performance in many of the metrics.

Maintenance and asset management has been severely disrupted due to national lockdowns and local tiered restrictions which meant that for large parts of the year, the reactive repairs service was paired back to emergency appointments only to protect our customers and staff. This was a difficult but necessary decision for our Board to make and has unfortunately resulted in a drop in customer satisfaction levels. With restrictions starting to ease the backlog of repairs will be caught up in the financial year.

The increase in general needs rent arrears is disappointing given our strong track record but unsurprising given the impact of the pandemic on many of our customers employment and financial circumstances. We bolstered resource in the Financial Skills team and continue to support our customers to make Universal Credit claims and to manage their household budget.

Post-merger the new Executive Director of Asset Management found some inconsistencies in the data recording and reporting of asset compliance including meeting Decent Homes Standard where c300 properties were found to be non-compliant. Records have been updated and reflected in the 2020-21 year end position in the KPIs table above. Work is already underway to identify a programme of works to rectify this and will be prioritised according to a risk assessment of the needs of the resident and property condition.

A new suite of KPIs has been developed for GreenSquareAccord which builds on the strong track record of both entities, sets challenging targets for the coming year based on identified opportunities to improve performance as a larger entity whilst remaining cognisant of challenging operating environment.

The table below sets out performance against the Value for Money specific objectives for 2020-21. The Board agreed targets are designed to drive high performance and efficiencies in key areas of our operations including maintenance, development, and housing management. As with the KPIs above, performance in the year is reflective of the challenging operating environment; as Board priorities evolved in response to known and emerging risks of the pandemic.

Target 2021	Actual performance for 2021
<b>Headline social cost per unit</b>	
Increases to be contained within inflation	The cost per unit increased by 9.2% between 2020 and 2021. This was a combination of increased maintenance costs (largely planned and capital works), costs incurred to facilitate the merger and slow down in development activity due to the pandemic resulting in suppressed growth in unit numbers.
<b>New supply (delivery)</b>	
100% of development schemes are handed over in line with agreed Homes England delivery targets	Achieved - forecasts are updated and agreed with Homes England on a quarterly basis and the Board oversee performance against the approved programme timescales.
<b>New supply (financial)</b>	
Development cost contained within agreed budgets with a target to deliver a 10% saving against budget for internally delivered (via Accord Construction Services) developed schemes	2 schemes completed the year; one was delivered within the Board approved budget and the other was within the Board agreed 5% tolerance which allows for minor changes in scope to be agreed by the development team during the construction period.
<b>Maintenance</b>	
Maintenance cost per job completed reducing by 1%	The average cost per job increased in the year due to the pandemic. The reactive repairs service was disrupted by safety restrictions and lockdowns resulting in volumes being c33% lower than in 2019-20. The backlog of repairs is likely to impact on costs in 2021-22 but beyond that we would expect them to normalise.
<b>Void losses</b>	
Maintain void loss at below 1%	Void loss in our Communities directorate was 1.2% for the financial year which given the challenges of letting properties during a pandemic is a great achievement. The Executive maintain close oversight of the lettings process.
<b>Regulators value for money metrics</b>	
To maintain or improve performance relative for our peer group	We acknowledge that some of the metrics have deteriorated over the year as a direct result of the pandemic on our financial results and operational performance. This is not reflected in the peer group results which are based on performance in the prior year. We are optimistic about the future and the and the positive impact of the merger on these metrics going forward.

## How Accord compares against peer organisations

The Regulator of Social Housing requires providers to assess performance against seven prescribed value for money metrics. Accord's peer organisations are summarised below and have specific comparability. All peer associations selected are categorised as 'Traditional' Housing Associations operating outside London. The peers are comparable to Accord in size and also in the extent of their provision of supported housing and housing for older people. Black Country Housing Association and Trident Group are both fellow members of the Matrix Housing Partnership and are known to have comparable operating activity profiles in similar operating geographies and are therefore also included in the peer group. Data is taken from the Regulator's published 2020 Global Accounts VfM Metrics.

	Total social housing units owned/ managed	% housing for older people units owned/ managed	Total turnover £millions	% of turnover from non-social housing activities
Accord Housing Association (2021)	13,245	12.6%	129.9	36.0%
Black Country Housing Group	2,156	10.6%	18.7	9.6%
East Midlands Housing Group	18,933	20.4%	111.1	13.7%
Grand Union	12,067	8.9%	71.2	7.5%
Mossclare St Vincents Housing Group	8,326	6.5%	45.8	3.9%
Nottingham Community Housing Association	9,608	3.2%	77.2	0.1%
Paragon Asra Housing	20,888	11.1%	149.6	1.5%
Plus Dane Housing	13,124	2.9%	74.0	4.0%
Regenda	12,177	7.8%	70.7	15.1%
South Yorkshire Housing Association	5,534	5.7%	48.2	25.5%
Trident Housing Association	3,211	0.0%	34.2	3.7%

Benchmarking against both Accords' own historic performance and also against other peer organisations is summarised overleaf. The peer group median has been used in line with best practice.

An assessment of performance against targets has also been provided for each of the metrics. Peer organisations have been anonymised in the benchmarking outcome and the order in which organisations appear in the table above is not representative of the referencing used in the benchmarking results published below where Accord's 2021 results (shown in teal) and Accord's 2020 results (shown in pink) are compared with the peer group 2020 results (shown in light grey) and GreenSquare Group's 2021 results (shown in dark grey).

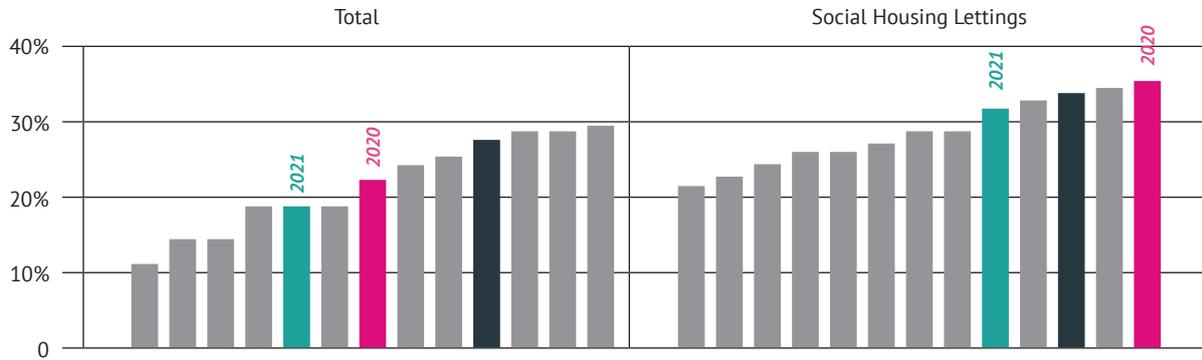
Value for Money Metric	Accord 2020 <sup>1</sup>	Accord 2021	Peer Group Median 2020 <sup>2</sup>
<b>Business Health</b>			
Operating margin (overall)	20.9%	18.7%	20.9%
Operating margin (social housing lettings)	34.2%	31.2%	27.5%
EBITDA MRI interest cover %	155.8%	140.4%	155.8%
<b>Development</b>			
New supply - social housing	1.3%	1.8%	1.1%
New supply - non-social housing	0.0%	0.0%	0.0%
Gearing	49.4%	43.3%	41.4%
<b>Operating Efficiency and Effectiveness</b>			
Reinvestment %	5.4%	3.2%	5.9%
Return on capital employed	3.3%	2.6%	3.2%
Social housing cost per unit £000's	3.851	4.210	3.851

<sup>1</sup> These are our 2020 metrics according to the RSH Value for Money report - Global Accounts 2020 published in May 2021.

<sup>2</sup> Median average results for the 10 registered providers identified above based on the RSH Value for Money report - Global Accounts 2020 published in May 2021.

## Business Health

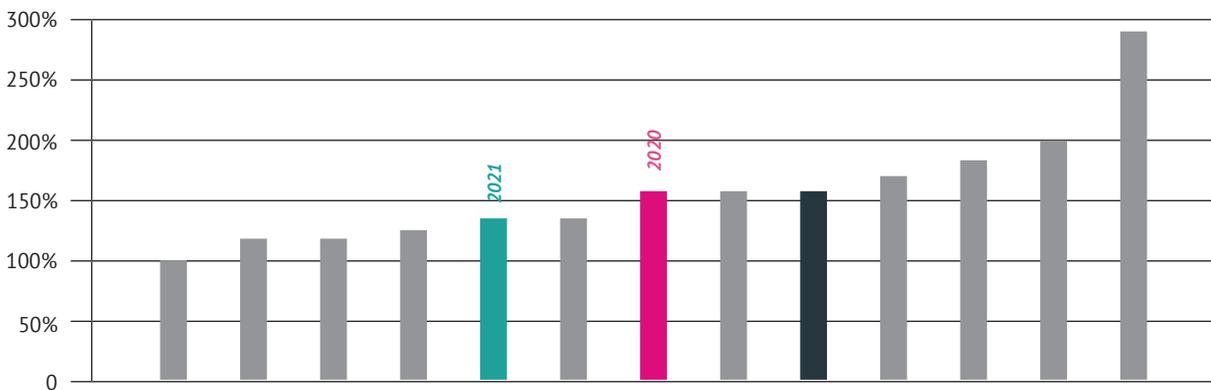
### Operating Margin



Our operating margins should be viewed in the context of our diverse business activities where some activities undertaken by the organisation generate low financial margins but have high social or environmental impact. The two key drivers behind the reduction in overall margin from 2020 to 2021 are the financial pressure from the coronavirus; particularly on our care and support services and the costs incurred to facilitate the merger with GreenSquare where synergies and efficiencies will be realised in future years.

The margin on our social housing activity continues to compare favourably against our peer group; despite reflecting a full year’s impact of the pandemic whereas the peer group results for 2020 were substantially pre-covid.

### EBITDA MRI %

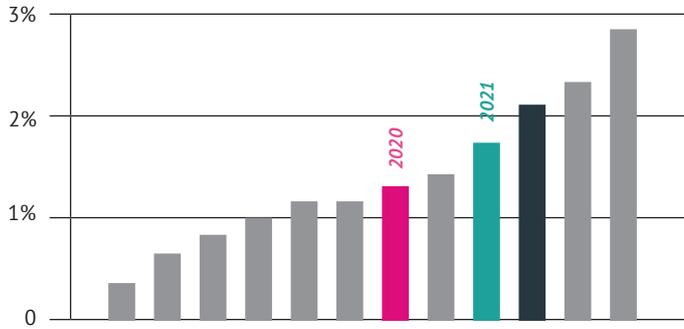


EBITDA MRI is a measure of our ability to generate cash through our operating activities and again the 2021 results have been impacted by the pandemic and merger cost. The above metric also includes capital maintenance where additional investment has been made during the year; this is not untypical in the sector where according to the RSH Value for Money report for 2020 total maintenance spend has increased by 15% in 3 years with a focus on building safety and health and safety compliance. As a developing organisation with ambitious growth targets, the metric demonstrates our ability to comfortably meet our cost of borrowing.

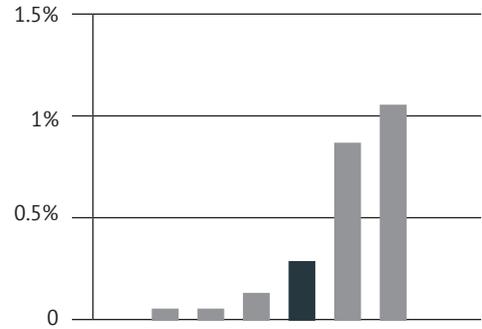
## Development

### New Supply %

#### New social housing

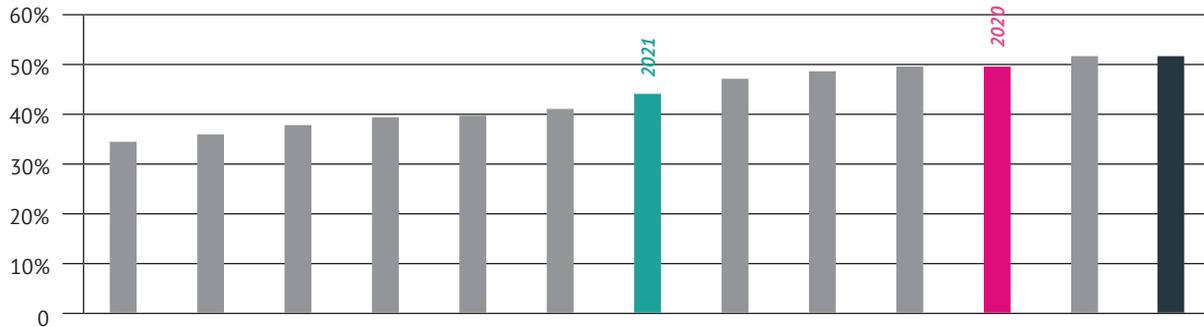


#### New non-social housing



Development programmes are very rarely linear and year on year fluctuations are common within the sector and often linked to the timing of Homes England grant programmes. In 2020-21 we completed 236 new homes and have a further 484 in progress at the year end; having completed the 2016-2021 Shared Ownership Affordable Homes Programme (SOAHP) in the year and continue to make progress with the 2016 - 2021 Strategic Partnership programme which was extended by a further year to take account of the impact of the pandemic. In line with our peers, Accords development programme focusses on the supply of new social housing and meeting the strong demand for affordable housing in our area of operation.

### Gearing



As a developing association, we borrow funds to support the building of new homes and our gearing reflects our growth ambitions; using our balance sheet capacity to generate new supply whilst managing the financial stability of the organisation. Gearing reduced in the year as a result of the merger preparations where some legacy Accord facilities were repaid before year end as part of a wider consolidation and harmonisation of the GreenSquareAccord loan portfolio and future-proofing of treasury activity.



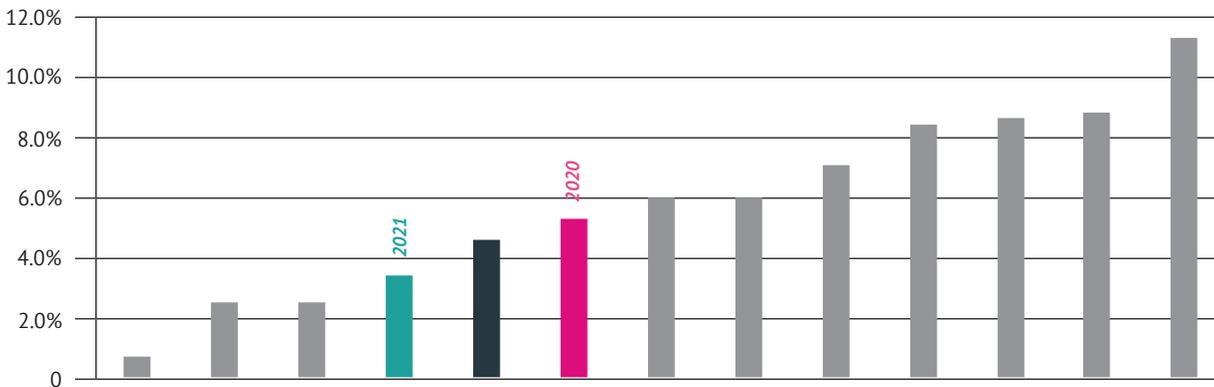
## Operating Efficiency and Effectiveness

### Social Housing Cost Per Unit



Our social housing cost per unit should be viewed in the context of the tenure mix within our property portfolio. Whilst we have seen a 9.2% increase in cost per unit since last year our social housing cost per unit of £4,210 includes the financial cost of the pandemic, not reflected in the peer group 2020 results. Whilst higher than the 2020 peer group median, this still compares well to our peers where the cost per unit varies from £2,640 to £8,060.

### Reinvestment %

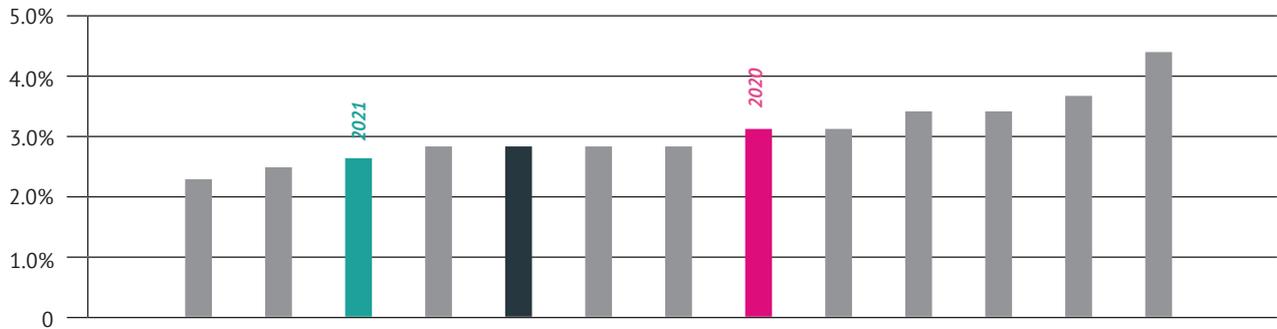


Our reinvestment % reflects our commitment to developing new homes whilst balancing the investment in existing homes and maintaining properties to a high standard. This measure has been effected by the impact of the pandemic on development activity with on-site restrictions having been in place for most of the year which has slowed the pace of development across the sector.

Accord are a Strategic Partner with Homes England and remain committed to the supply of new affordable homes; utilising the strong financial capacity of the enlarged organisation to increase development output in future years.

Return on capital employed has again been impacted by the pandemic which has put financial pressure on our operating surplus and suppressed fixed asset growth through the slowdown of development. Whilst these are common across the sector in 2021, they had less impact on the 2020 peer group results.

### Return On Capital Employed



### 2022 Value for Money Targets

The focus for 2021-22 is the integration and harmonisation of Accord and GreenSquare. The efficiency savings identified in the approved business case have now been developed into a detailed plan and built into the 2022 consolidated budget and financial plan. The Board has ultimate responsibility for the delivery of the efficiencies plan with support from the Integration Task and Finish Committee who maintain oversight of progress.

As well as cashable efficiencies, the on-going integration of the 2 legacy organisations will remove duplication and the harmonisation of processes and procedures will select best practice from both sides ensuring maximum effectiveness and efficiency prevails.

### Summary and conclusions

Accord is an organisation with a strong social purpose whose mission and core values are centred on delivering high quality, safe and compliant services that meet the needs of our customers, providing the best outcomes for them as individuals and for the wider community. We continue to have a well-established and embedded culture of demonstrating Value for Money in the delivery of our objectives. Value for Money is led by our Board and our Value for Money Strategy aligns with our corporate and departmental objectives and key performance indicators.

We continue to adapt to meet the changing needs of our customers, stakeholders, and the operating environment; demonstrating not only innovation but the ability to learn lessons to improve our service offer. This was vitally important given the extreme challenges of the last financial year and whilst the pandemic has undoubtedly impacted on the operational and financial performance of the organisation, and is reflected in the metrics above, these would certainly have been far worse had the organisation not responded quickly and effectively throughout.

The focus for 2021-22 is the integration of the 2 merged entities and to deliver on our promises to customers which include efficient, local-focussed services, increased investment in the provision of new affordable homes and continued investment in our existing properties to ensure tenants have a safe and secure place to live.

Accord Housing Association  
178 Birmingham Road  
West Bromwich  
West Midlands  
B70 6QG

[greensquareaccord.co.uk](http://greensquareaccord.co.uk)

