



# **Local Space Limited**



## **Value for Money Self-Assessment Statement 2015/16**



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## 1. EXECUTIVE SUMMARY

- 1.1 The Board at Local Space is pleased to present its Value for Money Self-Assessment to its tenants and residents, to the regulator and to other stakeholders. The organisation is small but growing, using its financial strength to meet increasing housing need in London and working hard to ensure that every Pound spent is made to work as hard as possible. This has involved looking at new ways to deliver services, using existing procurement frameworks and involving our residents in the process. Local Space is embarking on a period of growth and we have worked with our partners and funders to give us the best possible support to achieve this. The Board at Local Space has carefully considered its investment decisions for the future and regular monitoring of our performance is key to making sure that we both protect and grow our assets and outputs.

Below is a summary in key areas of how we have performed over the year, how we look against the last year and how we look compared to other associations.

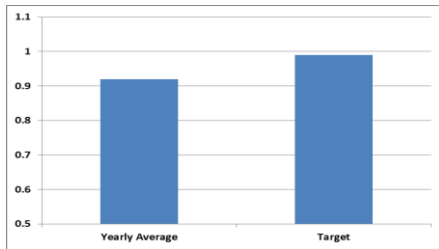
Income and expenditure account	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Total turnover	25,576	24,777	24,491	24,248	23,955
<b>Surplus for the year</b>	(1,842) 7,158*	6,783	7,241	6,056	6,003

For the year ended 31 March	2016	2015	2014	2013	2012
Operating surplus as %age of turnover	67.2%	68.3%	67.1%	62.9%	64.3%
Surplus for the year as %age of income from lettings	(7.25%)	27.4%	29.6%	25.0%	25.1%
Rent losses (voids and bad debts as %age of rent and service charges receivable)	27.9%*				
	0.3%	0.8%	0.5%	1.2%	0.6%
Rent arrears (gross arrears as %age of rent and service charges receivable)	1.8%	1.9%	2.1%	2.2%	1.6%
Liquidity (headroom in asset cover)	244.7%	329.2%	283.6%	131.8%	236.6%

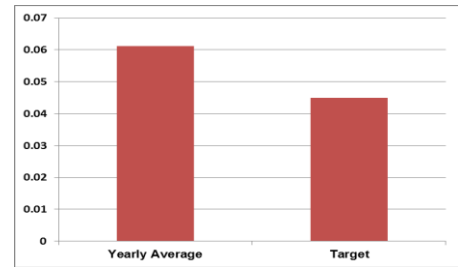
\* Excluding £9m one off agreement extension fee payment to LBN.



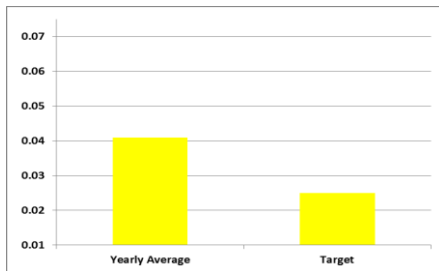
1.2 The following paragraphs highlight performance and trends in performance in a number of key areas:



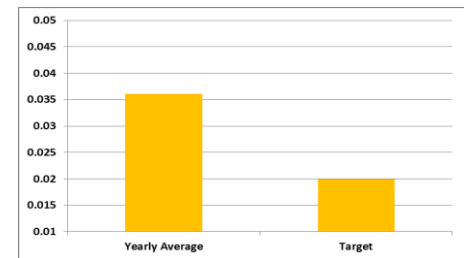
Rent collected as a % of rent roll – directly managed



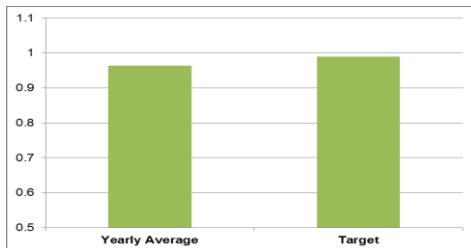
% of total arrears over 4 weeks (HB payment cycle)



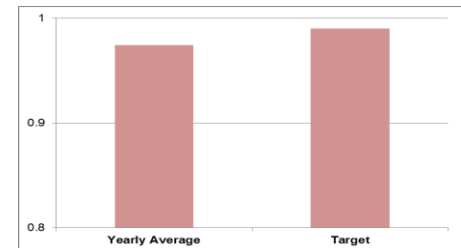
% of all repairs completed within target time (Acquired)



% of former tenant arrears – directly managed



% of all repairs completed within target time (Acquired)



% of all repairs completed within target time (acq & DM)

### Percentage of capital programme completed (Annual)

Component	Target £	Actual £
Bathrooms	130,000	118,140
Kitchens	210,000	170,133
Windows/Doors	185,000	184,710
Rooves	190,000	201,174
Central Heating	300,000	286,074
Electric	76,000	44,154
<b>Total £</b>	<b>1,091,000</b>	<b>1,004,385</b>
<b>Performance</b>	<b>100%</b>	<b>92.06%</b>



- 1.3 In 2015/16 Local Space continued to keep a downward pressure on costs. An illustration of the cost savings that we have achieved between 2014/15 and 2015/16 can be seen in the following table:

	2016 £'000	2015 £'000	Savings £'000	Savings %
Total Costs (excl. finance)*	10,546	10,771	+225	2.1%

\* Excludes one-off costs relating to growth strategy of £494k and finance costs

- 1.4 Below is a table from a report from the HCA on how Local Space measures against the sector in total housing costs showing that we are currently amongst the most cost-efficient:

2014/15 HCA Analysis				
	Upper Quartile	Median	Lower Quartile	Local Space
Total Social Housing Cost/Unit	3.19	3.55	4.30	2.93

- 1.5 In conclusion, Local Space recognises that as a small organisation we have exceeded sector performance in some areas, particularly financial strength and capacity. The board has taken this into account in its important investment decision to set out on a period of significant growth of an additional 800 homes over the next 4 years.

At the same time, as a small organisation we are aware of the costs of providing a service with limited space for overheads. Whilst the increase in size will help we will keep the focus of cost management on this area and continue to use technology and innovation to help us be as cost effective as possible. Our commitment to our tenants and residents is to provide safe and quality housing in a sustainable environment and we will continue to work with residents to achieve this.



## 2 INTRODUCTION

- 2.1 Value for Money has become an increasingly important issue for housing associations over the last decade. With reduced grant funding and reduced rental streams it has become necessary to ensure that our social businesses are run as efficiently as possible both to provide cost efficient services to our residents as well as to make our resources work harder. This area is now one where we are scrutinised by our stakeholders including residents, the regulator and our funders and we work hard to ensure that the organisation is using its resources as well and as openly as possible.
- 2.2 Local Space has a significant record in the delivery of financial results and in achieving true Value for Money (VfM). This document sets out our Self-Assessment Statement for 2015/16 and it records our recent achievements making comparisons with others and providing as much detail as is possible for a rounded view of the organisation's progress in these matters.
- 2.3 Some key achievements in recent months, which will greatly enhance our potential to achieve Value for Money, include Local Space's 'AA-' credit rating from Standard & Poor's (reduced from 'AA' following the downgrade of the UK Government after the EU referendum). This rating, one of only five such ratings in the sector and means that Local Space is in an excellent position to secure long term funding at competitive rates and terms meaning our money is stretched further in what it can buy. The rating report also highlighted our 'very strong enterprise profile' and our 'strong economic fundamentals, strong asset quality and operational performance'.
- 2.4 A major strategic achievement in 2015/16 has been to secure a new agreement with our key partner and stakeholder, the London Borough of Newham (LBN). This agreement will last until 2031 and secures Local Space annual rental income increasing at 1% per annum. The partnership will also secure a further 800 units of much needed housing with 100% guaranteed rental income over the next four years. This growth is at a time when many other associations are reducing their programmes and demonstrates that Local Space will look at new and more cost effective delivery models to ensure that it continues to provide good quality affordable housing – proving that sometimes innovation helps to provide more for less.
- 2.5 Local Space has recently secured new funding, which includes a revolving facility of £78m and in due course we will be looking for a further £125m to fund the 800 home development programme. With the S&P 'AA-' credit rating we are more confident that we will secure new loans at better rates than without this rating.
- 2.6 We recognise the value of evaluating how we have performed in the past and we are proud of our achievements. We also know that no-one can afford to stand still in the face of known and unknown challenges to the association and indeed to the sector as a whole. We have therefore set out our future plans as well and we look forward to reporting continued success in the achievement of these.
- 2.7 We are keen to compare our performance with others and therefore we use benchmarking to help us to understand our relative performance on a range of measures. By doing this we are able to transparently report on the Value for Money that our customers and stakeholders are achieving.

2.8 We value and respect the views of our tenants and we have a range of ways of capturing these. The Tenant Scrutiny Panel is at the core of our progress in the area of tenant involvement and empowerment and we want to build on the work of this group by communicating and seeking views in a further range of ways.

2.9 Our overall assessment of our Value for Money performance has once again been thorough and we are confident that our current performance is compliant.

We are committed to continuous improvement in all that we do and we will ensure that our excellent results and robust financial platform keep us well placed to provide great value for our existing and new customers as well as guaranteeing a sustainable future for what is a successful social business.

### 3 VALUE FOR MONEY STRATEGY AND CORPORATE OBJECTIVES

3.1 Our VfM Strategy was first approved by the Board of Local Space in 2013/14 and it has been reviewed annually ever since.

The diagram below helps to illustrate how we deliver VfM at Local Space and how it is now embedded into our work both at strategic and operational levels:



#### 3.2 Value for Money Strategy

3.3 The current VfM strategy states that the Board will ensure that a robust assessment into the performance of all our assets and resources (including financial, social and environmental returns) is undertaken on an annual basis. In particular, the Board commits to:

- Deliver the regulatory requirements of the Homes and Communities Agency (HCA) in relation to VfM;
- Make decisions on how resources are used to deliver objectives and it will consider the trade-offs and the opportunity costs of such decisions;



- Instill an understanding of the return on our assets and have a strategy for optimising the future return on assets. This includes a rigorous appraisal of the potential options for improving VfM, including the potential benefits of alternative delivery and procurement models;
- Have a process of scrutinising performance management. The process will be effective in driving and delivering improved VfM performance;
- Have a process for understanding costs and outcomes of delivering specific services, to understand, why and how, the underlying factors influence these costs.

3.4 In delivering the regulatory requirement it is envisaged that the Board will:

- Approve the VfM strategy annually;
- Approve an annual self-assessment statement outlining the delivery of VfM initiatives and compliance with the VfM Standard;
- Consult and ask the Tenant Scrutiny Panel to approve the VfM annual statement which will also be issued to other stakeholders.
- Promote the role of a VfM Board Champion;
- Ensure that sufficient resources are deployed in the delivery of the VfM strategy;
- Ensure that there is adequate monitoring and scrutiny in the delivery of VfM.

3.5 With particular reference to the annual statement to stakeholders, the association will demonstrate how the VfM standard has been met. The annual self-assessment will include how the return on assets is measured against the association's objectives, report absolute and comparative costs for delivering specific services, and how VfM gains have been and will be made and how they have/will be realised (reinvested). This demonstrates that the Board has carefully considered the organisation's performance and investment decisions made.

*The full VfM Strategy can be found on our website at:*  
<http://www.localspace.co.uk/about>

### 3.6 Our Mission

*Local Space is dedicated to delivering affordable and quality social housing in East London and the surrounding areas.*

### 3.7 Our Objectives

The corporate objectives of Local Space are:

Objective 1	Providing High Quality Accommodation
Objective 2	Providing Customer Oriented Services
Objective 3	Being a Well Managed Organisation
Objective 4	Being a Successful Business





These objectives form the cornerstone of our corporate plan. The 2016-20 corporate plan is in development with the board and will be agreed during the course of the next year.

### 3.8 Our Values

Local Space's values are:

- *Acting with integrity*
- *Creative and innovative solutions*
- *Including everybody in the business*
- *Putting customers first*
- *Realising everyone's potential*
- *Striving for excellence*

## 4 VALUE FOR MONEY – OUR APPROACH

4.1 Local Space's Board ensures that VfM is integral to the way in which we operate as a business. This can be seen in our values and particularly through the value of 'striving for excellence'.

4.2 We are committed to being effective in the management of our resources so that we can continue to invest and re-invest in cost effective, quality services to our customers whilst creating the financial capacity to provide new homes and additional services which benefit the communities that we serve. We have adopted a range of practices to embed VfM across the business:

- Achieving VfM has always been at the core of our business, but recently we have become more structured in our approach to planning, monitoring and reporting our achievements. We now ensure that our key stakeholders are able to gain a transparent view of our outputs so that a comparison can be made with alternative providers.
- Our VfM Strategy action plan describes how we translate our VfM strategy aims into action. Our budgets, performance indicators and dashboards provide us with a framework which allows us to understand, challenge and act on key costs and drivers. The framework includes a business plan and regularly updated risk register and acts as an overall barometer of our VfM health.
- Regular reporting to the Board and committees of performance against our plans enables us to secure effective governance and oversight of our performance on VfM and the achievement of our business objectives.
- A VfM action plan is in place documenting efficiency improvements which provide financial as well as social returns.
- Budgets and business plans include efficiency targets and improvements in services based on action plans. We engage in rigorous sensitivity testing and we assess all our risks and we develop measures to manage and mitigate these as far as possible. In addition to routine sensitivity testing we have a robust approach to stress testing the



business plan and recently we were able to show our resilience in the face of the 1% rent reduction announced in July 2015 and the possible impact of Brexit on property valuation. This helps our Board and senior team ensure that investment decisions are made in the light of all the latest information possible.

- The executive management team takes the lead on the implementation of strategy and it drives the achievement of VfM ensuring that a culture which seeks to maximise achievement of our aims is embedded into policy and practice and with a permanent reference to VfM on all board report cover sheets.
- We ensure that residents have transparent access to our achievements as well as every opportunity to express their views and requirements regarding service priorities.
- We have created effective processes and structures which enable residents to examine our performance and we actively invite scrutiny of this through surveys and other opportunities which allow views to be expressed openly. .
- A very obvious outcome from our focus on VfM has been our consistently robust financial performance. Increasing year on year - this is a very transparent output from our dedicated efforts to provide cost effective services, whilst also striving to manage the main parts of our business with financial care.
- An area which requires improvement and on which we are focussed on is the management of costs and income through controlling arrears, minimising the incidence of void stock, reducing re-let times and keeping downward pressure on operating costs. This will help us to enjoy better financial health and This provides the Board with choices for targeted investment in those priorities that have been highlighted by our customers.

## **5 VfM GAINS – PAST AND PRESENT AND HOW WE RE-INVEST**

### **VfM gains - financial performance**

- 5.1 The association makes effective use of its financial strength and capacity to support its business objectives and spending priorities. This is achieved through the delivery of consistently good financial results.



5.2 Our improving financial record of achievement is illustrated in the following table:

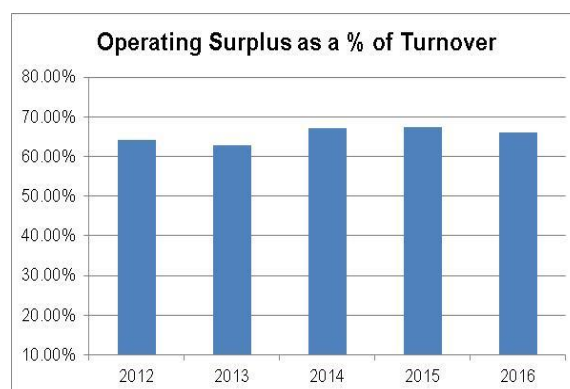
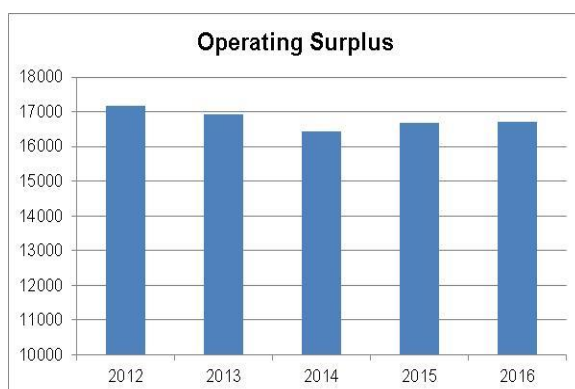
Income and expenditure account £000					
	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Total turnover	25,576	24,777	24,491	24,248	23,955
Operating surplus before Newham Surplus	17,181	16,931	16,435	15,259	15,395
<b>Surplus for the year</b>	(1,842) 7,158*	6,783	7,241	6,056	6,003

Balance sheet £000					
	2016	2015	2014	2013	2012
Fixed assets	331,944	330,409	327,473	301,830	297,496
Net current assets/(liabilities)	11,333	15,734	12,105	2,036	5,607
<b>Total assets less current liabilities</b>	<b>343,277</b>	<b>346,143</b>	<b>339,578</b>	<b>303,866</b>	<b>303,103</b>
Loans and provision (due over one year)	171,017	172,065	172,001	172,000	184,000
Total reserves	172,260	174,078	131,866	119,103	136,628
<b>Total long term loans and reserves</b>	<b>343,277</b>	<b>346,143</b>	<b>339,578</b>	<b>303,866</b>	<b>303,103</b>

\*Excluding £9m one off agreement extension fee payment to LBN in respect of the growth agreement for 800 new homes

5.3 The following charts usefully illustrate the steady and positive improvement in our financial results (it should be noted that the basis of valuation has been changed in 2015-16 due to FRS 102 where we have moved from using market valuation to the deemed cost of properties instead). This compares favourably with the results of our peers and indeed of the sector as a whole. Other benchmarking work is explored later in the statement.

5.4





For the year ended 31 March	2016	2015	2014	2013	2012
Operating surplus as %age of turnover	67.2%	68.3%	67.1%	62.9%	64.3%
Surplus for the year as %age of income from lettings	(7.2%)	27.4%	29.6%	25.0%	25.1%
Rent losses (voids and bad debts as %age of rent and service charges receivable)	27.9%*	0.3%	0.8%	0.5%	1.2%
Rent arrears (gross arrears as %age of rent and service charges receivable)	0.3%	0.8%	0.5%	1.2%	0.6%
Liquidity (current assets divided by current liabilities)	1.8%	1.9%	2.1%	2.2%	1.6%
	244.7%	329.2%	283.6%	131.8%	236.6%

\* Excludes £9m one off agreement extension fee payment to LBN.

5.5 The last 12 months have once again been very successful in terms of our financial performance and our forward projections also look positive. The net surplus, when adjusted for the one-off £9m payment to extend our contract with LBN, shows an improved bottom line when compared to the previous year.

5.6 Looking at some of the key results outlined in the table above we can see the following:

- Turnover has grown steadily year by year and in 2016 we maintained a positive profile for this with an increase of £799,000.
- Operating surplus margin stands at 67.2% which, although a slight reduction compared with last year (68.3%), continues to compare extremely favourably with the sector average.
- Net margin stands at -7.2% for 2015/16. This includes a £9m one-off payment for the extension fee payment to Newham. The underlying performance of 27.4% is clearly a very positive result which compares well with the previous year and is well above sector average.
- The liquidity of the association continues to provide significant comfort with our results at 2016 showing a position of 244.7%. This is a very sound result which is well above the sector norms.
- Funding position is stable with loans remaining at £172m, with undrawn facilities of £78m.
- Net debt per unit (£'000), which has come down slightly in 2016 compared to the previous year, is shown in the table below:



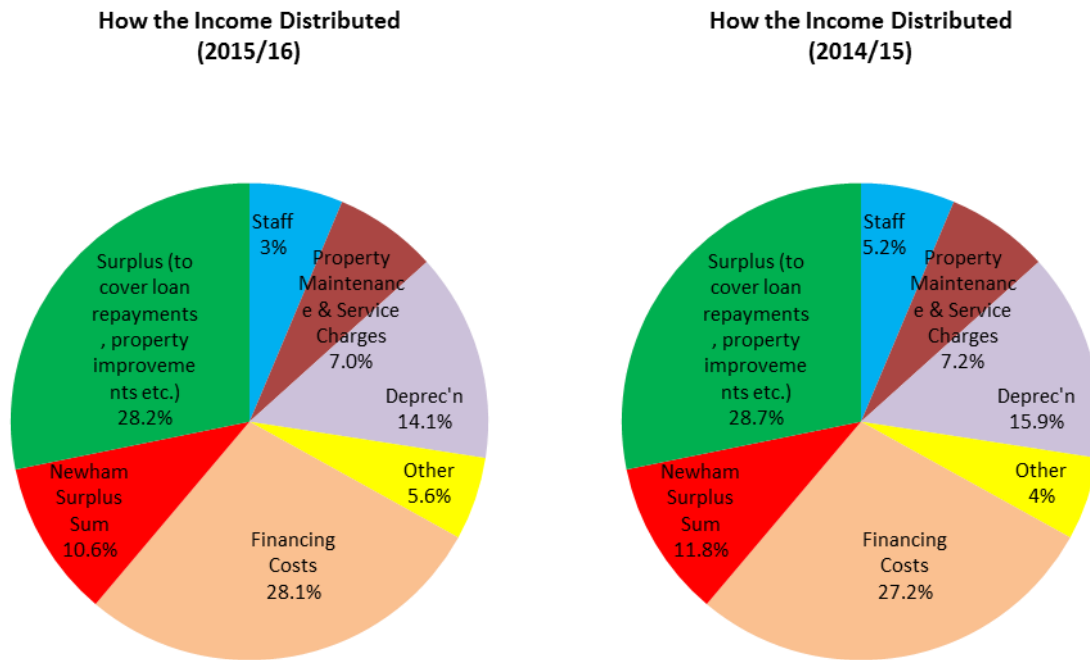
Financial year ended @ 31 March	2012	2013	2014	2015	2016
Net debt per unit (£'000)	104.3	97.5	97.5	95.5	94.4

The net debt position reflects the fact that Local Space is only 10 years old with assets procured at relatively higher costs than those associations that acquired or developed their stock much earlier. It also demonstrates that Local Space is using this asset base and financial strength to borrow additional funds for new affordable housing to meet ever growing housing need. Individuals and households are either priced out of the private market and/or face homelessness and the association's board has made the strategic investment decision to be an active provider of new homes contributing to affordable housing stock in London.

- 5.7 Our projected loan covenant performance continues to show reasonable headroom on all measures. The table below shows projections for the key ratios as shown below:

Financial Year ended @ 31 March	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Interest cover (more than 110% required)	189%	204%	180%	171%	189%	156%	167%	175%	195%	168%
Debt to assets ratio (not to exceed 75%)	51%	55%	59%	61%	59%	58%	56%	55%	54%	52%

- 5.8 In the interest of transparency, we produce charts to show how our resources are deployed. The two charts on the following page exclude the agreement extension fee paid to LBN and show a stable picture of spend despite a demanding year when additional internal and external resources were required to secure the new loan finance to support the Growth Strategy with LBN.
- 5.9 The left hand chart provides an up-to-date reflection of the distribution of costs (excluding £9 million fees to LBN) and the chart on the right provides the last full year's result:



- 5.10 Notwithstanding our positive record of financial performance, we remain understandably cautious about wider impacts on the business in the future and we are aware that further cuts to welfare benefits will impact on the association. This will make us look carefully at our assets and how well they are performing in this challenging economic climate
- 5.11 The outcome of the recent referendum on Britain leaving the EU has led to national financial instability, at least in the short term, and is likely to impact on the association. We will therefore need to manage and perform risk analysis on the consequences and closely monitor the situation as it unfolds and assess the potential impact on our business performance. Potential issues identified already include the following:
- Interest Rates - The fall in gilt yields has had a knock-on effect on medium and long term swap rates, such that borrowers have recently been able to fix rates up to 5 years at levels only 0.1% or so above Bank Rate (0.5%) or 3 month LIBOR 0.558%, and lock in 10 year rates at a fraction over 1%. However, the margins payable to the lenders has increased and the numbers lenders willing to lend to housing associations have decreased.
  - Credit Rating - Moody's, the dominant rating agency for housing associations has amended the outlook from "stable" to negative on its 42 rated associations, as part of its overall review of government and quasi-public bodies. S&P has downgraded all the housing associations it provides a rating for. The credit rating will be important when we seek the additional funding we need for the development of 800 new homes under the LBN/Local Space Partnership.
  - Inflation – Increases in oil prices, which have recently risen above \$50 per barrel, and the 8-10% fall in sterling against the Euro (40% of UK's food is imported from the EU) are likely to have a near term upward effect on inflation. This will be adverse for



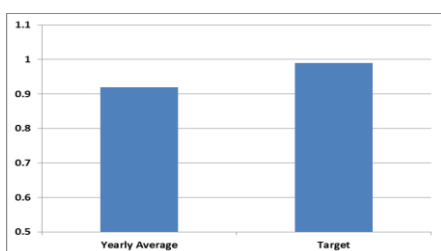
business plans which are predicated on low inflation in 2017 but may serve to dampen the MPC's approach to reducing Bank Rate. Again, this could have an adverse effect on the Business Plan by pushing up costs.

- 5.12 In the light of the foregoing we remain positive. Our recent achievements, which include securing a 'AA' credit rating with Standard & Poor's, securing a new extended agreement with LBN and a development programme with guaranteed rental income for 800 units provide us with significant confidence in our underlying potential as a thriving and vibrant business.
- 5.13 In the light of our track record of high performance, we are confident that our business processes that have generated these strong results will enable us to continue to monitor and manage the changes that appear to be in the pipeline.

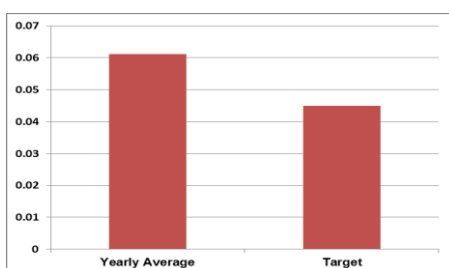
*Our audited financial statements can be found on our website at:*  
<http://www.localspace.co.uk/about>

### VfM gains – operational performance

- 5.14 Our operational performance during the last financial year has been generally robust. We set ourselves challenging targets above benchmark, and worked hard to achieve those targets. Local Space uses stretch targets which helps us to really examine ways in which to improve performance using technology and innovation. We believe that setting targets this way will make us think and behave differently and hopefully improve how we deliver services. The following paragraphs highlight performance and trends in performance in a number of key areas:
- 5.15 **Rent collected as a percentage of rent roll – directly managed** This measure was outside of our target (99%) with a monthly average over the year of 91.94%. At the end of the financial year, we achieved 98.1% after improving the performance steadily over time. Our performance was affected by issues with receiving housing benefits on time.

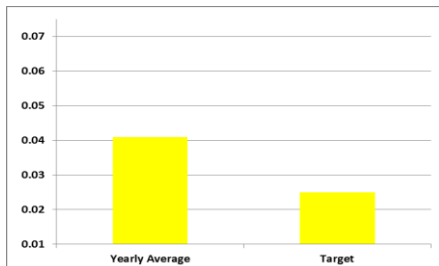


- 5.16 **Percentage of total arrears – directly managed.** This measure was outside of target (4.5%) with a monthly average over the year of 6.12%. In March 2016, we achieved 5.97%. Whilst not yet at the level of performance that we would like to see the trend during the year has generally been in the right direction.

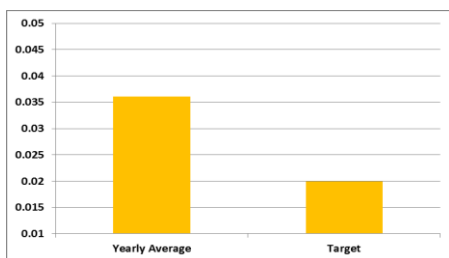




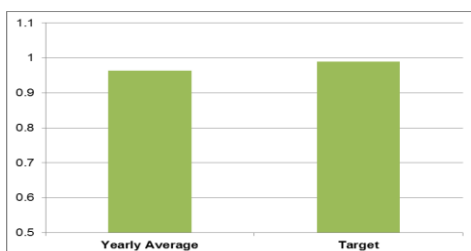
**5.17 Percentage of total arrears over 4 weeks (HB payment cycle).** This measure was outside of target (2.5%) with a monthly average over the year of 4.10%. At the end of March 2016 it was better at 3.47%. Whilst the performance in this area is not yet at the level of performance that we would like to see the trend during the year is positive and in the right direction. We are working with our local authority partners to improve our performance.



**5.18 Percentage of former tenant arrears – directly managed.** This measure was outside of target (2%) with a monthly average over the year of 3.60%. At the end of March 2016 it was 3.82%. We are ensuring that agreements are put in place, where possible, to cover any outstanding arrears left by tenants vacating properties. 94% of Hackney former tenant arrears will be recovered within the nominations agreement rent guarantee. We will make more robust use of specialist sites such as Experian to assist in tracing former tenants.

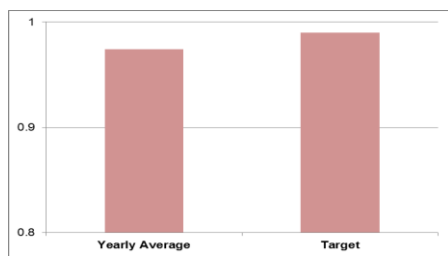


**5.19 Percentage of all repairs completed within target time (Acquired).** This measure was just outside of target (99%) with a monthly average over the year of 96.63%. The target was missed due to delays in completion of some roof repairs that required scaffolding. The main contractor has revised its process for scaffolding and the time taken for the erection of scaffolding for high level work.



**5.20 Percentage of all repairs completed within target time (Directly Managed and Acquired).** This measure was just outside of target (99%) with a monthly average of 97.61%. In March 2016 it was 97.93%. As with the previous measure the target was missed due to some orders failing to be completed on time due to scaffolding issues and delays in the roofing contractor attending. The main contractor has revised its process for scaffolding and the time taken for the erection of scaffolding for high level work.





## 5.21 Percentage of capital programme completed (Annual)

This measure was outside of target (100%) with year end performance at 92.06%. The table below explains the budget, spend and number of components installed in 2015/16.

Component	Target £	Actual £
Bathrooms	130,000	118,140
Kitchens	210,000	170,133
Windows/Doors	185,000	184,710
Rooves	190,000	201,174
Central Heating	300,0000,	286,074
Electric	76,000	44,154
<b>Total £</b>	<b>1,091,000</b>	<b>1,004,385</b>
<b>Performance</b>	<b>100%</b>	<b>92.06%</b>

5.22 We have resolved to commence the capital works programme earlier in future and to begin implementation in April 2016. We will undertake a review of the number of contractors we use to carry out the works. Improved use of IT to help us work in a more efficient way will be a key feature of how we try and improve performance. We will utilise Keystone (our asset management software) data to set up the programme and identify replacement properties for cancelled orders. We will use MS Project to develop the programme and to monitor the programme and the budgets. An individual project manager (repairs inspector) will provide the manager with updated monthly reports on actual and programmed completions. Any delays and issues will be discussed and mitigated to ensure delivery. Monthly meetings will be held with the individual contractors. One of our existing contractors has already developed an App to collect stock condition survey which can be uploaded on to our system.

5.23 The management cost per property relating to major works (as shown on Appendix 1) is higher than our peer group benchmark. This was due to higher proportion of senior management staff costs allocation due to staff turnover, use of agency staff to cover vacancies and significant additional resources required in year to help deliver the 4 year growth strategy and long term loan finance in a challenging timeframe. This is now being addressed by an organisational structure review and recruitment of permanent staff.



- 5.24 As shown on Appendix 1 our staff turnover was high compared to the sector average during the financial year. This was due to the end of a number of fixed term contracts. As mentioned previously much additional work was required to complete the growth strategy and the agreements with London Borough of Newham. The extra work was supported by these fixed term contract staff and who left the organisation as soon as they had completed the work required.
- 5.25 As shown on Appendix 1 our average number of staff days lost due to sickness was 8.60 days which was below benchmark. This was due to three staff members being on long-term sickness absence that was outside the control of management. The staff members were supported during their sickness period and their return to work time.
- 5.26 Our annual gas safety certification for the year was at 99.98%, below our target of 100%. A small number of gas safety checks were performed after the expiry date of the previous certificate. This was caused primarily due to a software malfunction suffered by our gas safety contractor for a short period of time and also due to access issues. Following an internal audit we have tightened up the internal processes to flag the properties at least 15 days before the Landlord Gas Safety Records are due and have also put in place strategic quarterly meetings to review and monitor the overall contract and performance of our contractor.
- 5.27 In general, our performance has been at or around the targets that we have set, with a few exceptions. We are constantly striving to achieve better results. The targets that we set are challenging but we know that this helps us to drive out improved performance. We have seen steady improvements across most measures and on the whole we can see that the trends in performance move us in the right direction.

### **VfM gains – cost control**

- 5.28 In February 2016 Local Space secured a 'AA' credit rating from Standard & Poor's. This rating, one of only five such ratings in the sector, puts Local Space in an excellent position in relation to securing competitive funding rates. The rating report highlighted our 'very strong enterprise profile' and our 'strong economic fundamentals, strong asset quality and operational performance'. The report also made reference to Local Space's 'strong management team'. Following Brexit, the rating was lowered by one notch to AA-.
- 5.29 In 2015/16 Local Space continued to keep a downward pressure on costs. An illustration of the cost savings that we have achieved between 2014/15 and 2015/16 can be seen in the following table:

	2016 £'000	2015 £'000	Savings £'000	Savings %
Total Costs (excl. finance)*	10,546	10,771	+225	2.1%

\* Excludes one-off costs relating to growth strategy of £494k and finance costs

- 5.30 Local Space has recently re-financed its funding portfolio at competitive rates and obtained some flexible terms such as removal of annual business plan approval. The new funding includes a revolving facility of £78m and in due course we will be looking for a further £200m to fund a new 800-unit development programme (see below). With the



S&P 'AA' credit rating we are very confident that we will secure even greater Value for Money when we secure new facilities.

### **VfM gains – making the most of partnerships**

- 5.31 Towards the end of 2015/16 Local Space concluded a ten year extension to its agreement with LBN. This has been a major strategic achievement for the association as the new agreement with our key partner and stakeholder will bring 100% rent guarantee security on significant proportions income projections for Local Space for a considerable period of time.
- 5.32 The agreement with LBN now lasts until 2031 and it secures Local Space's guaranteed annual rental income increasing at 1% per annum. The partnership will also secure a development programme of 800 units of housing with guaranteed rental income over the next four years.

### **VfM gains – improving systems**

- 5.33 In our previous VfM Self-Assessment Statement we advised that we were to invest in new IT systems which would enable us to make further improvements to our service standards and to ensure that better value for money can be generated from all our activities. During 2015/16 we purchased a new finance system - Sun Systems - which is currently being installed and we also implemented a new web-based housing system - Civica. In relation to the housing system, Local Space was the first customer, although there are now over 20 clients who have purchased the software. Being at the cutting edge is expected to bring some advantages to Local Space and it is expected the system will help us achieve performance and productivity gains.
- 5.34 The new systems have already brought improvements and they have enabled us to avoid the various system 'work-arounds'. In addition, the new systems provide us with quicker, better management information at lower costs. The improved management information enables us to see potential problems faster, which enables us to act more promptly to develop solutions. All of this achieves better Value for Money and enhances our ability to deliver better value for the customer.

### **VfM gains – being a better employer**

- 5.35 In January 2016 we had Investors in People (IIP) silver accreditation confirmed.



INVESTORS  
IN PEOPLE | Silver

- 5.36 This award demonstrates that our employees understand the link between the corporate plan, our core values and the drive to improve the customers' experience and add value to this. We are building on this foundation by developing training and support mechanisms,



particularly around health and wellbeing, all of which is being constantly updated and refined using the feedback loop that we have created through the engagements with employees.

### VfM gains - How we re-invest

5.37 The re-investment of our savings is determined by the Board using a combination of methods:

- Through seeking and listening to feedback from residents;
- Through targeted Board discussions to align actions with corporate objectives and agree where we should invest, e.g. in the development of new homes;
- Through the use of the annual budget process which enables us to reflect and acknowledge agreed priorities and targets.

5.38 Re-investment choices during 2016/17 form part of an ongoing programme addressing all our corporate goals, as follows:

Re-investment area	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Budget 2016/17 £'000	Total £'000
Roof	105	96	267	201	200	869
Kitchen	140	140	223	170	230	903
Bathroom	55	39	147	118	132	491
Boiler and Central Heating	382	308	266	286	125	1,367
Windows	100	100	223	185	180	788
Electric	52	18	91	44	105	310
<b>Total</b>	<b>834</b>	<b>701</b>	<b>1,217</b>	<b>1,004</b>	<b>972</b>	<b>4,728</b>

5.39 In 2015/16 the total capital expenditure programme was £87k below budget. There was an underspend on gas boilers of £14k, an overspend on roof replacements of £11k, an underspend on electric of £32k, an underspend on bathrooms of £12k and an underspend on kitchens of £40k. The main drivers for the under spend were poor weather, customer access issues and contractor non availability.

## 6 MONITORING AND BENCHMARKING PERFORMANCE

6.1 We recognise that it is important for stakeholders to be able to measure our performance against others and whilst it is difficult to find organisations that are similar to ours we have undertaken useful benchmarking work which sets our performance in a useful context and helps us to learn and to improve.



## HouseMark benchmarking

- 6.2 Like many associations we use HouseMark to generate benchmarking results. We use the benchmarking tool to help us to develop performance score cards and we use small project groups to implement our plans.
- 6.3 A full summary of our results can be seen in the table attached at **Appendix 1**.
- 6.4 Against its peers Local Space results ranked as ‘**Upper Quartile**’ in **84%** of the measures, as shown below:
- Direct cost per property of housing management
  - Direct cost per property of rent arrears and collection
  - Direct cost per property of resident involvement
  - Direct cost per property of anti-social behaviour
  - Direct cost per property of lettings
  - Direct cost per property of tenancy management
  - Total cost per property of repairs & voids works
  - Total cost per property of responsive repairs
  - Total cost per property of responsive repairs (management
  - Total cost per property of voids works (service provision)
  - Total cost per property of void works (management
  - Average cost of a void repair
  - Total cost per property of major works & cyclical maintenance
  - Total cost per property of major works(service provision)
  - Total cost per property of cyclical maintenance(service provision)
  - Total cost per property of cyclical maintenance(maintenance provision)
  - IT cost as a % of adjusted turnover
  - Office premises as a % of adjusted turnover
  - Finance cost as a % of adjusted turnover
  - Central overhead cost as a % of adjusted turnover
  - Total overhead cost as a % of adjusted turnover
  - Rent loss due to voids as a % of rent due
  - Current tenant rent arrears as a % of the rent due
  - Gross arrears written off as a % of rent due
  - Total cost per property of rent arrears and collection
  - Average re-let time in days
  - Rent collected from current and former tenants as a % of rent due
  - % Of Repairs Completed At The 1st Visit
  - Number of tenancies terminated as % properties managed
  - % Of Calls Dealt With At The 1st Contact
  - % Of dwellings that are non-decent
- 6.5 The areas in which Local Space has performed less well are:
- Total cost of housing management
  - Average cost of a responsive repair
  - Total cost per property of major works (management)
  - % of total staff turnover in the year
  - No of days lost to sickness
  - % of dwellings with a valid gas safety certificate



Our main areas of focus in 2016-17 are scheduled in our VfM Strategy document and contain most of this latter list. We are conscious that as a small organisation figures are significantly impacted by the smallest of variances and unusual circumstances. For example, our staff turnover reflects a small staff group that has recently partially comprised temporary staff as we conclude our important future growth strategy. Once the strategy was concluded these individuals were no longer required and left the organisation. However, we do also recognize that this is a defining feature of small organisations and as such we are exploring innovative ways of becoming more efficient such as fuller automation or alternative delivery routes.

- 6.6 The following table provides a summary of Local Space's results for the last two years compared with the Southern Region peer group on the most commonly used measures:

HouseMark comparisons		Peer Group				
		Southern Region			Local Space 2015/16	Local Space 2014/15
Upper Quartile		Upper	Median	Lower		
Middle Quartile						
Lower Quartile						
Total cost per property of housing management	■	592.17	655.51	675.20	676.82	639.96
Total cost per property of repairs & voids works	■	825.12	931.56	989	423.27	457.37
Total cost per property of major works(service provision)	■	663.08	896.90	1284.68	605.90	755.03
IT cost as a % of adjusted turnover	■	2.29%	2.96%	3.41%	0.45%	6.22%
Rent loss due to voids as a % of rent due	■	0.46%	0.70%	1.09%	0.22%	0.29%
Current tenant rent arrears as a % of the rent due	■	3.33%	3.79%	4.42%	1.14%	1.42%
Gross arrears written off as a % of rent due	■	0.20%	0.40%	0.62%	0.05%	1.09%
Average re-let time in days	■	24.36	26.30	31.40	13.00	11.50
Number of tenancies terminated as % properties managed	■	3.06%	3.73%	5.55%	0.72%	1.39%
% Of dwellings with a valid gas safety certificate	■	100.00%	100.00%	99.97%	99.98%	100.00%

- 6.7 Local Space continues to strive to reduce its management costs and improve its performance, particularly where our results do not measure up favourably with those that we use as a benchmark.

### Global Accounts benchmarking

- 6.8 We benchmark our financial performance using the HCA's Global Accounts reports. This informs the Board of our relative performance and it addresses the HCA's requirement to publish and compare results with other providers.
- 6.9 The following tables compare our financial performance with sector averages and we have added narrative support to provide context.



Costs per unit	Global Accounts 2015 (£M)	LS Accounts 2016 (£'000)	Difference	Notes
Number of properties		1821		
Management cost/unit £	£1,034	£1,338	£304	This reflects our lack of economies of scale and London base. Also additional one-off costs relating to growth strategy
Routine and planned maintenance costs/unit	£1,017	£490	-£527	Part of the responsive maintenance costs are borne by LBN under the lease agreement
Total major repairs costs / unit £	£928	£702	-£226	
Major repair costs / unit (expensed) £	£223	£34	-£189	The properties were only purchased in 2006 - 2008 in good condition hence the lower spend
Major repair costs / unit (capitalised) £	£705	£668	-£37	
<b>Operational performance</b>				
Voids for the year	1.7%	0.2%	-1.5%	Reflects the high demand for rental properties in London and agreement with LBN
Bad debts for the year	0.8%	0.1%	-0.7%	Reflects rent guarantee provided by LBN
Current tenant arrears at the end of the year	4.6%	1.8%	-2.8%	Rent guarantee by LBN (100%), Hackney and Waltham Forest (94%)
<b>Debt servicing ability</b>				
EBITDA MRI interest cover	155.6%	273.1%	117.5%	
Debt to turnover	389.4%	678.4%	289.0%	Reflects the fact that Local Space is only 10 years old and properties were purchased in the last 10 years at market values
Debt per unit (£)	£23,931	£94,454	£70,523	Higher debt due to London base and only acquired 10 years ago or later

- 6.10 It is clear from the above summary that Local Space has produced some excellent results, particularly in relation to EBITDA and voids, arrears and bad debts.
- 6.11 There are clearly some areas for us to work on however as our management costs per unit remain high and we know that we will need to ensure that our investment in routine and major works is closer to the average results seen elsewhere in the sector. We continue to make improvements and we will report our progress in subsequent statements.

## 7 RETURN ON ASSETS AND THE SOCIAL RETURN

- 7.1 The HCA's Regulatory Framework sets out a requirement to demonstrate or provide evidence of continuous improvement in the use of our assets. This is in order that we are able to provide and publish sufficient information to enable stakeholders to assess our achievements.
- 7.2 In this section we have set out to show:
- That we understand the value of assets including details of the financial and social return at a detailed enough level to enable an analysis of differing values of different stock according to location or type (e.g. Net Present Values or NPVs);
  - That we understand the value of our returns and that we are committed to using these to underpin all our strategic asset decisions.





## Return on Assets

- 7.3 Utilising the asset management strategy, detailed stock condition surveys developed using Keystone and annual property valuations, we have analysed the actual returns that we are obtaining on each of our property.
- 7.4 This information helps us to:
- Monitor operating margins;
  - Future investment and maintenance decisions;
  - Identify non-performing assets within each asset class and location; and
  - Support decisions to retain, convert or dispose of stock.
- 7.5 Based on the analytical work that has been done by ARK Consultancy the association has been able to evaluate poor performing assets.
- 7.6 Going forward, stock rationalisation will be carried-out with input from our major stakeholders such as the LBN and our maintenance contractors.
- 7.7 The table below shows analysis of our Return on Assets:

2015/16							
Portfolio	Number of Properties	Market Value STT £'000	Gross Rent £'000	Gross Yield %	Operating Surplus £'000	Operating Surplus as a % of Gross Rent	Operating Surplus/Property £'000
London Borough of Newham	1450	272437	20776	7.6%	12040	58.0%	8.30
Directly Managed	371	92457	4534	4.9%	2495	55.0%	6.73
<b>Total</b>	<b>1821</b>	<b>364894</b>	<b>25310</b>	<b>6.9%</b>	<b>14535</b>	<b>57.4%</b>	<b>7.98</b>

2014/15							
Portfolio	Number of Properties	Market Value STT £'000	Gross Rent £'000	Gross Yield %	Operating Surplus £'000	Operating Surplus as a % of Gross Rent	Operating Surplus/Property £'000
London Borough of Newham	1450	264285	20526	7.8%	11639	56.7%	8.03
Directly Managed	352	83118	4270	5.1%	2367	55.4%	6.72
<b>Total</b>	<b>1802</b>	<b>347403</b>	<b>24796</b>	<b>7.1%</b>	<b>14006</b>	<b>56.5%</b>	<b>7.77</b>

Movement							
Portfolio	Number of Properties	Market Value STT £'000	Gross Rent £'000	Gross Yield %	Operating Surplus £'000	Operating Surplus as a % of Gross Rent	Operating Surplus/Property £'000
London Borough of Newham	0	8152	250	-0.1%	401	1.2%	0.28
Directly Managed	19	9339	264	-0.2%	128	-0.4%	0.00
<b>Total</b>	<b>19</b>	<b>17491</b>	<b>514</b>	<b>-0.2%</b>	<b>529</b>	<b>0.9%</b>	<b>0.21</b>

<u>Capital Growth</u>	
London Borough of Newham	3.1%
Directly Managed	11.2%
<b>Total</b>	<b>5.0%</b>

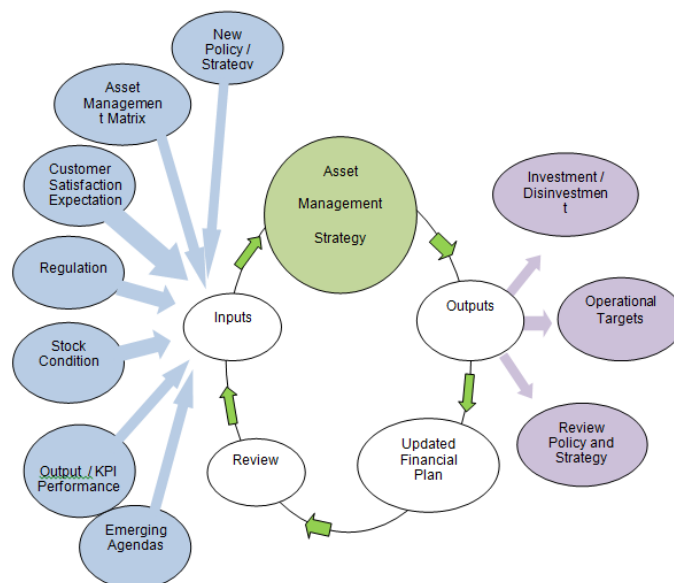


Notes:

1. The market values are based on Savills valuations at 31 March each year and based on subject to tenancy basis.
2. The London Borough of Newham portfolio is leased until March 2031.
3. The operating surpluses shown are net of Newham Surplus Sums (NSS) paid to the London Borough of Newham.

### Asset Management Strategy

- 7.8 We have been keen to demonstrate that we understand Returns on Assets and that we have strategies for optimising future returns. We evaluate the performance of our assets and we make better informed decisions on how we treat our existing assets and new assets under the guiding principles of our asset management strategy and growth strategies.
- 7.9 Our asset management strategy was developed with the help of ARK Consultancy, a leading provider of such services within the industry.
- 7.10 This chart graphically illustrates how systems and processes work together to inform the Asset Management Strategy which will be updated during the course of the next year:



*Our full Asset Management Strategy can be found on our website at:*  
<http://www.localspace.co.uk/about>

### The Social Return

- 7.11 We understand that VfM is not just about achieving increasing efficiency and Local Space remains committed to its social purpose of providing good quality temporary accommodation for homeless people in the East London region. This means that we invest in our residents and their communities and we work towards delivering business objectives which are much wider than just the improvement of surpluses.
- 7.12 For example, in 2013/14 we started the Local Space apprentice scheme and we recruited two bright young people. In 2014/15 we recruited two more apprentices. Our apprentices



are paid the London living wage which is higher pay than apprentice schemes run by many other organisations. We did not recruit any apprentices in 2015/16. However, two remain on the payroll and they were each provided with support to study and to improve their 'softer' skills.

7.13 Other initiatives that we have invested in to deliver a social return are summarized below:

- We continued with the Local Space Essex programme. This is now complete with 55 properties provided at a total cost of £10m.
- The Local Space Essex programme was supported by a dedicated resettlement officer who helped with applying for jobs, training, school places etc.
- Staff members have been encouraged to save with the local credit union (London Commercial Credit Union). The credit union supports the local residents. Around £10k was saved by Local Space staff last year.
- Local Space continues to let its head office premises to the local Deaf & Blind Society for its monthly meetings. The space is provided free of charge.
- Local Space raised a total of £4,000 last year through various activities organized by staff. The money was donated to Richard's House, a local charity which helps disabled children. The website is <https://richardhouse.org.uk/>
- We supported the Forest Gate Festival, which is an annual event organised by local residents, with a sponsorship of £1,000.
- Our staff support the local food banks with donations of food. The website is <https://www.trusselltrust.org/what-we-do/>
- The summary table below shows how we have acted to help people to maintain sustainable tenancies.

	Key Worker	Durham Road	LSE	Hackney-Enfield	City of London	LBWF	Hackney
Skills gate training program	0	0	Training offered to 40 Initial Interest received 10 Course enrolment 7	Training offered to 103 Initial Interest received 3 Course enrolment 0	0	Training offered to 25 Initial Interest received 5 Course enrolment 1	0
Signposting and liaison with Local Authorities/ Registered Providers regarding employment opportunities	0	0	6 Have initiated contact and discussed proposal with Family Mosaic employment support services. They have agreed in principle. Awaiting follow-up and set up.	1	0	2	0
Local Space's Apprenticeship Scheme	0	0	0	0	0	0	1
Provision of Financial Inclusion advice	2	1	3	5	2	7	6



- Local Space has worked with the Energy Savings Trust to help understand the impact of installing wall insulation. This has improved the thermal performance for some of our homes, reducing fuel bills and improving the warmth of the home. It has also improved comfort for our residents by reducing damp, mould and condensation.

## 8 ENGAGEMENT AND SCRUTINY

- 8.1 We are committed to ensure that our tenants fully understand our aims and performance on Value for Money. To help us to accomplish this we established our Tenants Scrutiny Panel in 2014/15. This has helped us to involve our tenants in identifying our corporate priorities. The Panel has also enabled us to secure more effective scrutiny of our performance and it has involved tenants in service review work which has been invaluable in enhancing our knowledge of customer needs.
- 8.2 We use a variety of ways to obtain details of the needs and aspirations of our customers and we use these to help in the consideration, identification and ultimately, delivery of our objectives. These include:
- Annual Report for Residents;
  - Complaints;
  - Resident Scrutiny;
  - Tenant Involvement Forum;
  - Customer satisfaction survey.
- 8.3 We are aware that our focus on customers must not just include our current residents for whom, understandably, the priorities are for investment to their homes and the services they receive. We also consider future unmet housing need from potential customers and from our local authority stakeholders who want to see affordable housing supplied in their areas to meet need.
- 8.4 One example of our effective methods of communication is the Your Local Voice (YLV) newsletter.





*More details on how tenants can become more involved can be found on our website at: <http://www.localspace.co.uk/your-home/get-involved>*

## 9 OUR FUTURE PLANS

9.1 During the year we have been proactive in identifying further actions which will serve to improve or approach to VfM and enhance our potential for meeting our goals in this area. The following sets out some of the additional actions that we are committed to progressing:

- The impact of the EU referendum will concentrate the mind in the coming weeks and months and we will ensure that our business is protected against any negative impacts. We will do this by regular stress testing of the business plan to assess possible scenarios. We will remain up to date on these matters and the possible impact on the nation and sector working closely with the regulator and listening to specialist advisors.
- We will continue to use benchmarking analysis and we will use this to drive down our cost base. We are aware of the areas that we can work on and we understand that management costs per unit remain high. We will work to ensure that stock investment moves closer to sector averages.
- We will raise new funding to sustain our ongoing development programme and we will use our credit rating to best effect in securing the best prices for this.

9.2 The HCA recently published an analysis of costs of housing associations, including Local Space. As per HCA's analysis, the total social housing cost per unit of Local Space was £2.93k in 2015, which was in the upper quartile of performance. The comparable cost for the year ended in March 2016 was £2.95k. The comparable cost per unit projected for the next five years are as follows:

HCA Total Social Housing Cost/Unit						
Upper Quartile	Median	Lower Quartile				
3.19	3.55	4.30				
Local Space						
HCA 14/15 Analysis	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	
2.93	2.95	2.77	2.78	2.86	2.92	

9.3 The table above illustrates our projected plans to absorb significant future outsourced management costs per unit whilst remaining under current upper quartile measures and even below our own measure which is one of the most cost-efficient figures. This



projected management costs are due to the growth plans of the association which will be increasing its stockholding by 44% over the next 4 years but still remain competitively priced for a relatively small organisation in London even when compared with our peers.

9.4 The main areas of focus in the next financial year (2016/17) are:

- Reduction of management costs;
- Reduction of rent arrears outstanding and bad debts written off;
- Increase customer satisfaction;
- Review of the asset management strategy;
- Development of the new Civica housing management system and roll out of the Tenants Portal;
- Increase the Social and Environmental Returns.

## 10 OUR OVERALL SELF-ASSESSMENT

10.1 The HCA's Regulatory Framework includes a specific standard for VfM. The HCA expects us to have '**a strategy for optimising VfM and systems to ensure that this strategy is achieved**'. The HCA also requires us to prepare an annual self-assessment report to our residents and stakeholders, setting out how we currently comply with the VfM standard and our plans and priorities for the future.

10.2 Transparency is a key element of the HCA's approach to assessing value for money. The Value for Money Standard requires providers to articulate and deliver a comprehensive and strategic approach to achieving Value for Money in meeting their organisation's objectives. As part of that process, providers are required to publish annually a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The Value for Money Standard sets a specific expectation that the assessment shall:

- *Set out the absolute and comparative costs of delivering specific services*
- *Evidence the value for money gains that have been and will be made and how they have and will be realised over time*
- *Enable stakeholders to understand the return on assets measured against the organisation's objectives.*

### How the Board has gained assurance that we have complied with the VfM standard

10.3 The Board has gained assurance that the association has complied with the Regulator's VfM standard by following a structured process of assessment. As well as comprehensive performance reporting and management accounts the Board receives a monthly update on key performance indicators and actual performance against budgets. This information enables the Board to perform an effective scrutiny role whilst also positively influencing and providing leadership in the delivery of its VfM strategy. The following table sets out the areas of the standard that the Board has explored and it explains how the Board has gained assurance:



Requirements of the VfM Standard	How Local Space believes that it demonstrates compliance for 2015/16	Location in the VfM Statement
Have 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.	<p>Regular reports are presented to the Board on the performance and use of resources enabling a thorough documented approach to decision making to be made. Reports include:</p> <ul style="list-style-type: none"> <li>■ The Financial Plan and the projections therein.</li> <li>■ The annual budget process which clearly links the use of resources with meeting key objectives.</li> <li>■ Actual performance against the Asset Management Strategy.</li> <li>■ Stock rationalisation reports.</li> <li>■ KPI reports.</li> <li>■ The Corporate Plan which details the organisation's objectives and the resources required and identified to deliver those over a 4-year period.</li> </ul> <p>Our most significant resource investments are incurred in the delivery of stock re-investment and in the building of new homes. The association, therefore, has specific tools and mechanisms which enable opportunity costs to be considered and decision making to be documented based on evidenced financial performance. These include:</p> <p>An appraisal model for new developments and re-modelling of existing schemes.</p> <p>Our asset management assessments which assess performance of all rented stock at a scheme level and on a unit basis going forward, enabling decisions to be made which maximise returns on stock.</p> <p>The VfM Strategy which is reviewed and updated annually.</p>	<p>Section 3, paragraph 3.2.</p> <p>Section 4 deals with operational and financial performance.</p> <p>Section 6, paragraph 6.9 deals with the return on assets and the asset management strategy.</p> <p>Section 2 covers the VfM Strategy.</p>
Understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving VfM including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives.	<p>The association has a methodology for the calculation of return on assets used by it.</p> <p>As a social landlord 'return' we recognise that is not just about financial return. Social returns have been covered in the full self-assessment statement.</p> <p>There is a robust Stock Condition Survey, which has led to the publishing of a five-year plan for maintenance on a scheme by scheme basis for all residents.</p>	<p>Section 6, paragraphs 6.3 to 6.6 cover the Return on Assets. Paragraphs 6.11 to 6.13 cover the Social Return on Investment.</p>
Have performance management and scrutiny functions which are effective at driving and delivering improved VfM performance.	<p>Our engagement and scrutiny processes are effective and are robust. These have been set out within the self-assessment statement.</p>	<p>Section 7 outlines our methods of engaging with and being accountable to our customers.</p>
Understand the costs and outcomes of delivering specific services and which underlying	<p>Our financial results and the analysis of these have been reported upon within this assessment. The work we will do to improve</p>	<p>Section 4 and Section 5 look at how our costs are built up and what</p>



Requirements of the VfM Standard	How Local Space believes that it demonstrates compliance for 2015/16	Location in the VfM Statement
factors influence these costs and how they do so.	areas of weak performance has been noted in the section on future plans.	we spend our resources on.  Section 5 (and Appendix 1) looks at how we compare with our peers on a range of indicators.
Annually publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving VfM in delivering their purpose and objectives.	Local Space's self-assessment which will show how the organisation believes it meets the HCA's VfM standard will be published on the association's website by 30 September 2016.  A separate summary specifically drawn up for residents will also be additionally available on our website by 30 September 2016.	Section 9 outlines how the Board as governing body makes it self-assessment and it also sets out our commitment to stakeholders.

### **The Board's self-assessment and commitment to stakeholders**

With the narrative in this table and the evidence provided throughout this self-assessment the Board of Local Space has established its case for being compliant with the requirements of the VfM standard. Some areas have been identified for further improvement and these have been set out under our future plans. The Board, through the publication of this statement expresses its ongoing commitment to delivering VfM as a business working hard for its customers and to continuing to make improvements in these matters during 2016/17 and beyond.





## Appendix 1 - HouseMark Peer Group Analysis

HouseMark comparisons		Peer Group			
		Southern Region			Local Space
		Upper	Median	Lower	
Upper Quartile		592.17	655.51	675.20	676.82
Middle Quartile		317.99	361.57	410.38	179.11
Lower Quartile		74.65	97.71	111.77	48.84
Total cost per property of housing management		33.25	53.26	73.93	25.15
Direct cost per property of housing management		29.08	38.48	46.56	12.18
Direct cost per property of rent arrears and collection		36.89	55.61	71.08	19.65
Direct cost per property of resident involvement		84.72	98.77	122.89	73.31
Direct cost per property of anti-social behaviour		825.12	931.56	989	423.27
Direct cost per property of lettings		410.35	532.83	577.52	281.01
Direct cost per property of tenancy management		139.41	177.14	232.05	79.10
Total cost per property of repairs & voids works		126.63	138.92	172.36	209.35
Total cost per property of responsive repairs		94.41	141.63	188.81	15.81
Total cost per property of responsive repairs (management		48.44	53.70	66.84	47.30
Average cost of a responsive repair		1792.31	3075.04	3812.23	2217.06
Total cost per property of voids works (service provision)		1154.47	1396.98	2104.04	1091.56
Total cost per property of void works (management		663.08	896.90	1284.68	605.90
Average cost of a void repair		76.39	105.38	147.61	189.21
Total cost per property of major works & cyclical maintenance		193.31	350.00	589.14	249.16
Total cost per property of major works(service provision)		44.19	51.27	77.85	47.30
Total cost per property of major works (management)		2.29%	2.96%	3.41%	0.45%
Total cost per property of cyclical maintenance(service provision)		1.69%	2.12%	2.51%	0.57%
Total cost per property of cyclical maintenance(maintenance provision)		2.00%	2.26%	2.38%	1.56%
IT cost as a % of adjusted turnover		4.36%	5.80%	6.32%	4.14%
Office premises as a % of adjusted turnover		11.47%	13.60%	14.26%	6.72%
Finance cost as a % of adjusted turnover		0.46%	0.70%	1.09%	0.22%
Central overhead cost as a % of adjusted turnover		3.33%	3.79%	4.42%	1.14%
Total overhead cost as a % of adjusted turnover		0.20%	0.40%	0.62%	0.05%
Rent loss due to voids as a % of rent due		144.20	182.55	225.09	190.68
Current tenant rent arrears as a % of the rent due		24.36	26.30	31.40	13.00
Gross arrears written off as a % of rent due		19.50%	24.20%	35.7%	48.15%
Total cost per property of rent arrears and collection		7.70	8.50	9.00	8.60
Average re-let time in days		100.57%	100.26%	99.9%	100.10%
% Of total staff turnover in the year		92.25%	87.70%	83.18%	95.63%
No of days lost due to sickness		3.06%	3.73%	5.55%	0.72%
Rent collected from current and former tenants as a % of rent due		94.47%	93.19%	88.93%	93.37%
% Of Repairs Completed At The 1st Visit		0.00%	0.00%	0.60%	0.00%
Number of tenancies terminated as % properties managed		100.00%	100.00%	99.97%	99.98%
% Of Calls Dealt With At The 1st Contact					
% Of dwellings that are non-decent					
% Of dwellings with a valid gas safety certificate					