Value for Money Statement 2019/20

It is our job to provide homes and services which offer value for money (VFM). Each year we update our tenants and customers on how we are doing by publishing our Value for Money Statement on our website.

This statement includes details of our performance and costs in 2019/20 and how we compare with other similar organisations.

For this statement we have selected to compare ourselves against housing associations which had a stock size of between 5,000 and 20,000 (we have approximately 10,000) and which are similarly located in the Yorkshire & Humber or North East regions.

These include Bernicia Group, Broadacres Housing Association, Beyond Housing (Formerly known as Coast and Country Housing), Livin Housing, Lincolnshire Housing Partnership, South Yorkshire Housing Association and Yorkshire Housing.

Our 2018/19 benchmarking also included Durham City Homes and East Durham Homes. Durham City Homes and East Durham Homes merged in 2019, along with Dale & Valley Homes to form Believe Housing Ltd. 2019/20 Global Account data is not presently available for Believe Housing Ltd.

In respect of our service delivery, it is our aim to maintain our high level of service despite the uncertainty and risks we are likely to encounter in the coming year, with potential cost increases due to Brexit, continued increase in Universal Credit claimants and restricted access to funding as a result of a governance downgrade in 2018/19.

In addition, there are a significant number of further risks we may encounter as a result of the coronavirus pandemic, and should therefore be aware of. This could include reductions in the amount of grant funding available which currently allows us to offer additional services, delays in our development programme of new homes being built, staffing issues due to employees needing to shield or with long term childcare or other caring issues, and the potential loss of income, particularly across our commercial businesses due to reduced levels of service being offered.

However, alongside the risks there are also positive outcomes that will come from this difficult time that we shouldn't revert back to our old ways of working for everything we do. This includes our much more agile approach to work wherever it is appropriate to do so, and work being very much what we do rather than the office or desk we sit at to do it. More of our services becoming digital rather than time heavy and outdated using a lot of paperwork is another positive to continue with and many staff members, Board members and involved tenants embracing digital ways of working for meetings and appointments which will also create many efficiencies across the business.

Our Corporate Plan

Ongo is a partnership of companies with one shared vision to create and sustain truly vibrant communities.

In 2018/19, we published our new corporate plan which focuses on three key objectives: being a great landlord; providing good quality homes and creating opportunities for people and communities to thrive.

The plan was developed through extensive consultation with tenants, employees and partners.

Under each objective we have developed a number of indicators which will drive the activity needed to achieve our aims.

We understand that getting the very best value we can from our services and homes means we can invest more in creating opportunities for people in things like jobs, training and neighbourhood services – things our tenants told us are important to them during the most recent corporate planning consultation.

Underpinning everything we do at Ongo are our values. These guide the way we work;

- **Partnership**
- **Drive**
- **Responsibility**

What really makes us different is how we go beyond just being a landlord.

We believe in providing opportunities, as well as homes, and working in true partnership with our tenants, customers and business partners to make lasting change.

Our vision is to create and sustain truly vibrant communities, and to achieve this, we have three simple aims.

- **Offer quality homes**

  By… Enhancing our environments to make them places people want to live in.

  Investing in our existing homes so they meet future demand.

  Building new homes to help address housing need.

- **Be a great landlord**

  By… Involving tenants in our decision making.

  Providing excellent services to tenants.

  Running an efficient landlord service.

- **Create opportunities**

  By… Increasing the employment potential of people in our communities.

  Raising the aspirations of young people in our communities.

  Investing £1million each year in programmes which improve communities.

Corporate Plan objective: Being a great landlord

To be a great landlord, we will provide excellent services to tenants, run an efficient landlord service and involve tenants in our decision making.

In our drive to be a great landlord, we are putting a greater emphasis on transformation and change, using business intelligence to drive forward efficiencies in the way we transact with our customers and make better use of available technology to reduce costs and improve customer journeys.

Below are our VFM metrics against which we measure our performance in delivering a *great landlord service*. We've compared these with the median scores achieved by those housing associations that reported into HouseMark in 2018/19, which is the latest available comparison data.

Internal performance measures: Be a great landlord						
Indicator	**2016/17 actual**	**2017/18 actual**	**2018/19 actual**	**2018/19 sector median**	**2019/20 actual**	**Corp plan target**
% of tenants satisfied with overall landlord services*	92.70%	93.80%	94%	87.50%	91%	90%
% of tenants satisfied views are listened to and acted upon*	91.00%	88.70%	90.40%	75.00%	85.80%	Top Quartile (UQ was 78.9%)
% of tenants satisfied their rent offers value for money*	92.80%	94.10%	95.90%	87.90%	92.40%	Top Quartile 91.6%
% of tenants satisfied with our repairs service*	No data	88.30%	87.20%	83%	81.50%	Top Quartile 86.3%
Average current tenant arrears as % of debit (exc' housing benefit)	2.37%	2.13%	1.83%	2.17%	1.79%	1.70%
% of rent loss from lettable empty homes	0.74%	1.33%	1.31%	0.99%	1.21%	1.17%

*data taken from Survey of Tenants and Residents (STAR) survey

Our performance on all of the customer satisfaction indicators has deteriorated since 2018/19

Customer comments from the STAR survey on how we could improve our services indicate the following areas for attention-

Satisfaction with the overall landlord service-

- Our approach to lettings, who we house where
- Our digital offer and opportunities to self-serve
- Better communication with tenants
- Dealing more effectively with tenancy breaches including anti-social behaviour and drug use
- Need for better trained staff or specialist teams who are able to deal with enquires at the first point of contact

Satisfaction that views are listened to and acted upon-

- Better management and investigation of complaints

Satisfaction that Rent Offers Value for Money-

- Need to ensure that services are delivered effectively
- Don't agree with the Rent First approach (this requires that all tenants should be in credit on their rent account)

Satisfaction with the repairs service-

- Getting repairs done right first time
- Time waiting for repairs to be done and lack of appointment slots
- Lack of cyclical maintenance

NB. Satisfaction with repairs is in the landlord section but there is commentary on this in the quality homes section below.

Current tenant arrears performance has improved from 1.83% in 2018/19 to 1.79% in 2019/20. Although this was above the target of 1.70% this was actually a false position due to the timing of payments onto rent accounts at the year-end. The position at 5 April 2020 was £616k which equates to 1.4% of the rent debit and is well below the target set.

Rent loss from empty homes has also improved from 1.31% in 2018/19 to 1.21% in 2019/20 against a target of 1.17%. There had been significant progress made in improving performance in the last quarter of the year but this was negatively affected by the impact of Covid 19 and the Government advice to complete only essential lets for homeless people and those with critical need.

Corporate Plan objective: Offer quality homes

In offering quality homes, we will seek to enhance our environments to make them places people want to live in, invest in our existing homes so they meet future demand and build new homes to help address local housing need.

Part of our strive to deliver quality homes is our development programme which picked up pace in 2019/20 with work starting on the delivery of new homes across a mix of tenures, including affordable rent, shared ownership and Rent to Buy.

A total of 114 new homes were completed in 2019/20 with a further 254 committed to and under contract.

During 2019/20 we completed (through our subsidiary company Ongo Developments Ltd) our first outright sales scheme and after a successful sales campaign sold 12 out of the 14 before the end of the financial year.

On the back off this successful venture, a further outright sales scheme was commenced, with 9 properties being built in West Lindsey and due for completion during 2020/21.

Shared ownership properties were sold during 2019/20 generating £245k of income and the organisation embarked on building 34 rent to buy properties.

Below are our VFM metrics against which we measure our performance in delivering *quality homes*. We've compared these with the median scores achieved by those housing associations that reported into HouseMark in 2018/19, which is the latest available comparison data.

Internal performance measures: Offer quality homes						
Indicator	**2016/17 actual**	**2017/18 actual**	**2018/19 actual**	**2018/19 sector median**	**2019/20 actual**	**Corp plan target**
% of tenants satisfied with their neighbourhood as a place to live	88.30%	89.70%	88.80%	84.30%	84.20%	90%
% of tenants satisfied with the quality of their home	93.10%	93.50%	94.20%	88%	91.60%	Top Quartile 89.1%
% of tenants likely to recommend Ongo Homes to family or friends	No data	66.30%	63.60%	32.60%	63.80%	Top quartile 45.40%
Investment into existing housing stock	£6,347k	£5,003k	£5,358k	N/A	£4,809k	£83m over 10yrs
Number of new build homes delivered	51	103	130	N/A	134	225

There continues to be a slight reduction in the percentage of tenants satisfied with their neighbourhood and the implementation of the Neighbourhood Services team was a direct result of feedback from our tenants about the importance of having Neighbourhoods they can be proud to live in.

The team now play an instrumental role in enhancing those environments and are now carrying out works that would have previously been carried out by contractors, including some grounds maintenance and specific environmental improvements works, for which additional staff member were recruited to carry out.

They also continue to work in partnership with colleagues to deliver on the targeted actions in our Neighbourhoods in terms of creating place people want to live in.

Our in-house maintenance team carried out 26,295 jobs in 2019/20 with around 22.5% of those being emergency/urgent repairs.

Our average number of jobs per property has remained stable at around 2.7 jobs and over a number of years we have seen this move from around 3.7 jobs, this is due to both significant improvements in the efficiency of our maintenance services team along with ongoing investment in our properties.

The percentage of tenants satisfied that their repair was done 'right first time' for April was at 96% and satisfaction with the way Ongo deals with repairs and maintenance for 2019/20 was 81.5%.

After carrying out a review of our Empty Homes and Lettings service areas, the teams are now engaged in putting actions in place to make the changes set out, including the development of a new lettable standard for our properties, this was developed in liaison with our tenant scrutiny panel.

Investment follows a planned programme and year on year spend delivers the agreed programme so fluctuations in spend are anticipated. We have invested in a new asset management system to enable us to plan programmes based on the data available and that will make the greatest impact in terms maintaining our homes and outcomes for our tenants.

We have also introduced a dedicated stock surveying team that carries out surveys to our tenanted and empty properties and the data they produce from those will feed into the new asset management system and be utilised for the planning of future programmes of work.

We have recently awarded a new gas servicing contract. The scope of the contract has been greatly increased to include EICR electrical testing, smoke and carbon monoxide alarm testing, and fire door inspections amongst other additions. The purpose of this huge change in scope from solely gas servicing to full compliance inspection and testing is intended to reduce the number of visits we make to each property, and therefore reduce the number of appointments we need to make and manage. The new service is intended to have multi-skilled engineers visit each property to conduct as many compliance checks and services as possible during a single visit.

The main benefit of this new service to tenants is a more efficient service and now having to arrange less appointments for their mandatory and very important compliance visits; whilst the main benefits to Ongo include having less service appointments to arrange and manage, and greater VFM by having more services conducted in less visits. Service cost reductions alone are estimated to save in excess of £250k pa, without including any efficiency and time savings by us having to manage less appointments.

2019/20 has also seen us appoint a new provider of kitchens who will design and supply kitchens for all of our property schemes from regeneration and investments, to new build developments. The procurement process was delivered with tenant involvement, and the new supplier appointment offers significant financial benefits to Ongo with savings of around 38% per kitchen fitted, for kitchens of equal quality and/or better than those we have historically fitted. This equates to a financial saving of approximately £180k per annum based on our previous year's expenditure, with the new contract expected to be in place for a minimum of three and a maximum of ten years. These savings bring benefits to tenants as it will allow us to fit more 'luxurious' kitchens with many additional and enhanced features to provide a quality feel, whilst still saving money.

Our asset team have also carried out various projects over the past year, including the removal of an outdated heating system at Victoria House, replaced with modern pipework, along with the installation of heat exchangers and a heat metering system that enables our tenants to have better control of their energy costs. The project value was around £500k, and though still in the early stages of monitoring the savings to tenants, it is our determination that it will have a positive impact on the energy costs to our tenants.

Corporate Plan objective: Create opportunities

The more efficient our business is the more resources we will have to invest in making a real difference to people's lives and futures, by creating new opportunities for them. We plan to increase the employment potential of tenants, raise the aspirations of young people and invest £1m each year in programmes which improve our communities.

The £1m invested during the year ended 31 March 2020 was made to a sister company, Ongo Communities Limited, a registered charity delivering programmes of work that provide a social return. Using the HACT (Housing Associations' Charitable Trust) model, we calculate that for every £1 Ongo Communities Limited invested in community projects, we got £13.82 worth of value in return. This demonstrates a small increase in value over the previous year and has been achieved despite similar levels of investment and grants as the previous year.

The amount of social return by Ongo Communities Limited is attributed to the £1 million funds from Ongo Homes and grants received by that charity from a number of external funders. The excellent outcomes achieved by our teams has meant continuation grants have been awarded on four existing employment support programmes for up to three years.

Raising the aspirations of young people is a key target and we are pleased to report that we have provided one-to-one mentoring to 128 people and appointed 50 onto new apprenticeships.

We have developed a strong team relationship with our partners at North Lindsey College who have delivered qualifications and training to 189 of our clients from our Cole Street premises.

Along with our internal budget, external grants of £478k have been achieved to fund employment support activities. These funds have allowed us work with 721 people in 2019/20. The skilled staff and facilities in the Arc have enabled us to engage with people on the Westcliff estate, including some people from generations of workless households who we are supporting long term to help improve their lives.

Below are our VFM metrics against which we measure our performance, through Ongo Homes funding of Ongo Communities, in *creating opportunities.* As these are unique to Ongo there is no comparable data recorded.

Internal performance measures: Create opportunities					
Indicator	**2016/17 actual**	**2017/18 actual**	**2018/19 actual**	**2019/20 actual**	**Corp plan target**
Number of people accessing employment support via Ongo Journey to Work	742	659	832	721	700
Number of people gaining sustainable employment	250	147	180	181	180
Number of young people engaged in one-to-one mentoring	No data	87	93	128	100
Number of new apprenticeships	42	30	48	50	36
Total invested into community/creating opportunities projects	£716k	£672k	£886k	£1 million	£1million

Our targets are the minimum level of service we plan to achieve. Our aim is to exceed these targets as much as we are able, based on the availability of external funding and partnership opportunities year on year. The number of people gaining employment has continued at a similar level to the previous year utilising the same amount of funding for this type of service and working with those people who are furthest from the labour market.

With our new corporate plan, and a renewed focus on creating more opportunities, we will continue with our Westcliff Development Plan, bringing together the building of new homes and increased community and neighbourhood activities to further improve an important part of Scunthorpe. This includes the continued growth of The Arc to increase the income it has the potential of generating, through room and facilities hire, cafe and Post Office sales. During 2019/20 we raised £131k through sales falling short of our £180k target. We aim to redress this over the next three years, working towards at least a break even figure, and a potential small profit in year three.

Our Ongo Talk scheme, launched last year with the aim of supporting people with low level mental health issues, has supported 117 people during the 2019/20 year, and will continue working towards our target of supporting 150 people each year.

Delivering value

Integral to delivering our plan is knowing we are doing so in a way which offers us the very best value for money.

For us, delivering VFM is understanding the relationship between four things:

- Economy – the price we pay for providing a service
- Efficiency – how much we get for what we pay
- Effectiveness – the outcomes we achieve
- Sustainability – the impact we have on the environment and society

In order to provide good value we always seek to understand our assets, know our customers, track our markets, monitor our performance, and manage risk.

We must always demonstrate that we consider VFM across our whole business. Wherever we invest in non-social housing activity (such as through our commercial and subsidiary businesses etc.), we must still ensure that the returns generated are proportionate to the risk involved and that VFM is still always considered.

Because we want to...

- Ensure we successfully achieve our Corporate Objectives
- Ensure that we maximise the value of every £ spent
- Ensure that we improve our levels of efficiency and the benefits we bring to others where intended.
- Ensure our approach is consistent and effective across the Ongo Group.
- Ensure all our decisions help us comply with any relevant guidance set out by regulatory bodies or legislation

In embedding VFM across our group, we have set out the key principles which form the basis of our VFM framework. We will:

- Maximise our return and protect and understand our assets
- Consider VFM in everything we do and set targets to achieve it
- Understand what customers want and deliver objectives to meet this
- Be transparent and inclusive
- Have effective governance and VFM structures

Cash flow

We need to maintain and protect our financial strength if we are to deliver our corporate objectives. The Regulator of Social Housing judges us to be V1 compliant for financial viability.

Ongo Homes recorded a statutory surplus (before actuarial gains/losses) of £7,708k for the year - £156k up on budget.

Net operating margin was 21.1%, against a budget of 19.9%.

Rent payments from social housing account for 92% of income.

Internal benchmarking show that cash flow was positively impacted by a decrease in tenant arrears with current tenant arrears, excluding housing benefit, standing at £756k (2019: £746k) and former tenants at £778k (2019: £1,191k).

Bank balances benefitted from a targeted push for reductions in the total rent loss from empty homes, which for the year amounted to £539k (2019: £621k) and also from the amount of former tenant debt recovered, being £318k (2019: £249k).

The Value for Money Standard

In April 2018, the Regulator of Social Housing (RSH) published its new Value for Money Standard requiring all registered housing providers to:

- Clearly articulate their strategic objectives
- Have an approach agreed by their board to achieving value for money in achieving these objectives and demonstrate their delivery of VFM to stakeholders
- Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

Specifically, seven metrics were agreed as the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

Our comparative performance and future budget

Our benchmarking information is taken from HouseMark, Housing Quality Network and the Global Accounts, published by the Regulator of Social Housing in June 2020. The latest figures available at the time this statement was written were from 2018/19. Our comparisons are listed below:

	2018/2019						
	Global Accounts median	**Benchmark group median**	**Sector scorecard median**	**Our actual**	**Our actual 19/20**	**Our budget 20/21**	**Business plan 21/22**
Reinvestment **VFM theme:** outcomes delivered **Risk theme:** Effective asset management **Corporate objective:** Offering quality homes, creating opportunities	6.2%	5.7%	6.24%	13.48%	12.04%	13.75%	14.35%
What is it telling us?	Reinvestment is what we spend on new developments and improvements to existing properties as a percentage of our housing properties at cost. In our corporate plan we have made a commitment to tenants to reinvest in our existing homes and neighbourhoods. In 2019/20 we reinvested £4.8m in our current housing stock and £18.5m in the development of new homes. We are expecting to reinvest a further £13.1m in current stock and £49.2m in new development over the next two years. These investments are in line with our corporate plan objectives, and are delivered through our development company, Ongo Developments Limited. We compare well against the sector and our peers, with the sector averaging 6.2% reinvestment in 2018/19 compared to our 12.0% in that year. Our peer group for that year has averaged investment of 5.7% which we are performing significantly above.						

	2018/2019						
	Global Accounts median	**Benchmark group median**	**Sector scorecard median**	**Our actual**	**Our actual 19/20**	**Our budget 20/21**	**Business plan 21/22**
New supply (social) **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	1.4%	1.0 %	0.02%	1.28%	1.14%	2.00%	1.99%
New supply (non-social) **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	0%	0%	0%	0%	0%	0%	0%
What is it telling us?	New supply is the number of housing units we have acquired or developed as a percentage of the total housing we own. During the year ending March 2020 we delivered 117 new homes. This represents a slight fall in number of completions compared to 2018/19 but our development programme has a healthy and building pipeline of schemes in progress and in the planning stages and we are accelerating our development programme in the coming years and to deliver an average of 225 new homes per year over the next decade, with 419 of these coming in the next two years. In addition to this, we have built 14 homes for outright sale in 2019/20, and have commenced a further nine for delivery in 2021/22; these will be sold at market value through our development and sales company and so do not appear in the table above						

	2018/2019						
	Global Accounts median	**Benchmark group median**	**Sector scorecard median**	**Our actual**	**Our actual 19/20**	**Our budget 20/21**	**Business plan 21/22**
Gearing **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	43.4%	47.1%	42.3%	23.9%	23.4%	25.3%	28.2%
What is it telling us?	Gearing is the long and short term borrowing as a percentage of the homes we own, at cost. Not only do we reinvest into our existing homes, we've described above how we are developing new homes too. Our development levels are comparable with others in our benchmarking group and the wider sector. As our development plans grow, we will require additional funding for these investments. This will impact our gearing performance. Currently our gearing is low compared to our peers and the sector averages due to sound financial management in the years since the housing stock was transferred to us in 2007, resulting in relatively low levels of borrowing and high levels of cash held. However, as we borrow more and spend our cash balances to fund the development of new homes, as agreed in our corporate plan, gearing will rise. We have secured undrawn funding arrangements which we can use in the medium term and are actively engaged in the process of identifying sources of additional long term funding to support our investment plans.						

	2018/2019						
	Global Accounts median	**Benchmark group median**	**Sector scorecard median**	**Our actual**	**Our actual 19/20**	**Our budget 20/21**	**Business plan 21/22**
EBITDA MRI interest cover **VFM theme:** business health **Risk theme:** reduced income **Corporate objective:** Be a great landlord	184.2%	177.6%	191.3%	377%	371%	169%	337%
What is it telling us?	The EBITDA measure demonstrates business health and our capacity to support borrowing costs. Our performance in this metric is good and gives us capacity to support further borrowing. A slightly modified version of EBITDA Mri also forms one of our key borrowing covenants and performance provides adequate headroom to this. Our plans to use more of our current facilities and, subsequently, enter into additional borrowing arrangements (therefore increasing our interest costs), coupled with a prudent business plan and budget for 2020/21 formed around the operational risks posed by Covid-19 and Brexit result in a significant reduction in this metric during 2020/21. However the underlying financial performance of our business remains strong and we expect this to recover the following year as business returns to a more usual footing						

	2018/2019						
	Global Accounts median £'000	**Benchmark group median £'000**	**Sector scorecard median £'000**	**Our actual £'000**	**Our actual 19/20 £'000**	**Our budget 20/21 £'000**	**Business plan 21/22 £'000**
Headline social housing cost per unit **VFM theme:** operating efficiencies **Risk theme:** asset management **Corporate objective:** Be a great landlord	3.70	3.58	3.64	2.85	2.92	3.42	2.97
What is it telling us?	This metric represents social housing costs divided by the number of the social housing homes we own. In 2019/2020 our overall related costs increased slightly, mainly due to increased maintenance costs, an increase in service charge costs, and a rise in depreciation charge arising from our further investments in our property stock. These increased costs have been offset by an increased property base delivered by our investment programme, leading to an increase in cost per property of 2.8% Our cost per property compares well against our peers and the sector median. We have budgeted and planned for costs to rise in future years under inflationary pressure and from continuing investment in the business and have stress tested the business plan to ensure that this is within our financial capacity In summary, we recognise we are operating efficiently because our costs are lower than that of our peers and we achieve high customer satisfaction scores. We are, however, planning to increase our spend to meet our commitments in the corporate plan.						

	2018/2019						
	Global Accounts median	**Benchmark group median**	**Sector scorecard median**	**Our actual**	**Our actual 19/20**	**Our budget 20/21**	**Business plan 21/22**
Operating margin (SHL) VFM theme: business health Risk theme: reduced income Corporate objective: Be a great landlord	29.2%	25.4%	26.6%	24.0%	19.6%	16.4%	16.8%
Operating margin (overall) VFM theme: business health Risk theme: reduced income Corporate objective: Create opportunities	25.8%	22.5%	23.4%	24.5%	21.7%	17.1%	17.4%
What is it telling us?	This measures the amount of surplus generated from turnover, first for social housing activities and then overall. It shows profitability before exceptional expenses are taken into account. The fall in our operating margin was due to the further 1% rent cut during the year, increased depreciation costs relating to our investments, increased spend on maintenance and a rise in costs related to service charges. We expect our operating margins will decline further during 2020/21 as we deliver our corporate plan, particularly investing in communities and new homes and allowing for an uncertain economic environment. However, from 2021/22 we expect to see margins to begin to recover as we benefit from a rise in income from more rental homes, recognise the effect of the rent settlement at CPI +1% and continue to improve our efficiency.						

	2018/2019						
	Global Accounts median	Benchmark group median	Sector scorecard median	Our actual	Our actual 19/20	Our budget 20/21	Business plan 21/22
ROCE VFM theme: asset management Risk theme: asset management Corporate objective: Be a great landlord	3.8%	3.6%	3.3%	6.1%	5.4%	4.2%	4.2%
What is it telling us?	ROCE stands for Return on Capital Employed. It compares the operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. We have historically shown a high level of ROCE due to the relatively low net value of assets. We have reasonable levels of cash balances and our asset values are low due to no transfer value being included in our asset valuations. The measure has declined during 2019/20 and we expect a further fall in 2020/21 in line with the reducing margin levels identified in metric 6 and our increasing capital base through our continuing investment programme. However we compare well to our peers and the sector and expect this to continue to be the case even accounting for the planned changes brought about by our current corporate and business plans.						

Value for money savings

Each year we also set targets for savings and measure the efficiencies we have achieved through our VFM register, which is reported annually to board members.

In 2019/20 we achieved total cash savings of £1,528k against an anticipated target saving of £750k.

These savings have surpassed all expectation for the year but are aided by us having made some significant savings from some key projects. Several projects completed during 2019/20 delivered far greater levels of savings than were anticipated at the start of the financial year when the VFM targets were set.

Headline ‘cashable’ (or financial) savings include £462k per annum on the cost of our insurance premiums and insurance brokerage services. This equates to nearly £1,400k saved over the length of the three year agreement.

Further headline annual savings include the c£250k per annum on gas servicing and compliance; £180k per annum on the supply of kitchens; £180k on development works projects; c£123k on debt recovery claims and debt recovery services; £52k on utility gas supplies; and a c£35k saving on asbestos services.

At least £1,086k of the total savings recorded have been achieved as a result of competitive procurement processes, with the balance being made up of savings achieved by other means, e.g. the £123k from debt recovery services

Our staff are encouraged to regularly seek and record all savings, regardless of value, and so smaller gains are also accounted for, such as a £591 saving recorded by our Investment team against the annual cost of energy management services, and a £500 saving recorded by our Marketing and Communications team achieved through utilising the services of an Intern to deliver design works which would otherwise have been outsourced.

Showing how different teams contributed to this saving indicates the efforts we have gone to embed a VFM culture across the organisation.

Department	**Cumulative savings (cashable) 2019/20**
Communities	£38k
Human resources	£6k
Finance	£628k
Housing	£12k
Development	£180k
PR & marketing	£9k
Customer services	£20k
ICT	£18k
Regeneration	£540k
Neighbourhood Services	£64k
Ongo Roofing Ltd	£10k
Ongo Heating and Plumbing Ltd	£5k
Total	**£1,530k**

Our VFM savings target for 2020/21 has been set as £1m. This is a larger target than last year but should still be achievable and realistic. As always, our aim is to achieve this through a mix of savings and efficiencies from all Ongo entities from across the group.

Social Value

In addition to making both cashable and non-cashable financial and efficiency gains, Ongo also generate social value returns on the investments we make. These gains are referred to as our Social Return on Investment (SROI) and is calculated in social value £'s gain against every £ spent. Our activity here is through our investment in Ongo Communities all of our calculations for social value gains are made using the HACT social bank calculator specifically designed for Housing Associations. https://www.hact.org.uk/value-calculator

Our SROI for 2019/20 has been calculated to be £13.82 for every £1 we have spent. This represents a small increase on 2018/19's SROI of £13.77. Our SROI for 2019/20 is displayed below.

Activity	Overall budget spent	Overall social impact returned	Analysis of benefit	
			Budget : social impact	Net benefit
TOTALS:	**£1,472k**	**£20,338k**	**1 : 13.82**	**£18,866k**
Ongo Communities	£1,472k	£20,338k	1 : 13.82	£18,866k

Reviewing our assets and liabilities

Assets, which are mainly housing stock, and liabilities, mostly made up of bank loans, are recorded in a register and regularly reviewed to make sure that, when taking decisions or managing risks, it is done so with a clear understanding of our financial viability.

At the end of 2019/20, we had 9,942 homes in our portfolio. These included 58 homes classified as supported housing, 499 charged at affordable rent and 14 shared ownership properties.

Thirty Right to Buy sales and fourteen Right to Acquire sales generated a total profit of £1,608k.

Our Asset Management Strategy 2017 – 2020 has the following objectives:

- To maintain assets to a high standard
- To provide and sustain efficient homes and buildings
- To maximise value for money from our assets
- To keep pace with changing demographics and needs
- To deliver cyclical maintenance and ensure health & safety compliance
- To increase our stock

It also sets out our approach to understanding our assets by using a number of tools:

Asset and Liability Register
This provides access to all property and tenancy information linked to title deeds, existing social use and charge details.

Asset Management System
Implementation continues on a new system which will improve our ability to maintain a comprehensive stock asset and component database, manage decent homes investment and compliance, monitor sustainability of stock, cost forecasting, manage health and safety compliance, SAP ratings and energy efficiency and stock condition.

Sustainability Index
Our Sustainability Index assesses the ongoing viability of properties and estates against a number of indicators, including cost, income projections, management activity, performance and environmental information.

Net Present Value (NPV)
Using information from the Sustainability Index, we calculate the NPV of properties before any major investment decisions are made. This includes where we should invest, disinvest, dispose or convert particular properties.

Sustainability Working Group
To ensure low demand stock is actively assessed by the organisation, this group, which includes representatives from across the business, meets to determine how we maximise the life of our assets.

External audits
Asset management data is essential in informing the business plan and ensuring the business has enough financial resources to manage and maintain its assets to the necessary standards. In order to satisfy lenders, an annual stock valuation survey is carried out.

Keeping tenants updated

We will update tenants on our progress in delivering our corporate objectives and how we offer value for money through our quarterly tenants’ magazine, at monthly tenant meetings, in our next VfM statement and using our digital channels such as our website and social media.