Value for money

In accordance with the Regulator of Social Housing 2018 value for money standard, we've recorded our performance for the year against the published value for money metrics (Table 1). In addition, we've developed a set of targets to demonstrate performance in key areas of our business. (Table 2).

Table 1. Performance against sector value for money metrics

Metric	Explanation	2017/18	2016/17	2015/16
1. Reinvestment %	Investment in properties as a percentage of total properties	6.1	1.7	10.0
2. New supply delivered	The number of new social and non-social housing units as a percentage of all owned units			
Social housing %		7.6	0.0	20.9
Non-social housing %		0.0	0.0	0.0
3. Gearing %	Percentage of assets made up of debt finance (lower the better)	(25.7)	(27.6)	(23.8)
4. Interest cover % (Earnings before interest, tax, depreciation, amortisation with major repairs included)	Measure of surplus compared to interest payments (higher the better)	692.9	1676.0	1851.5
5. Social housing cost per unit £		9,194	8,844	6,885
6. Operating margin %	Surplus divided by turnover for both social housing and overall			
Social housing lettings only		5.4	8.5	3.1
Overall		5.3	7.5	4.8
7. Return on capital employed %	Investment return on capital resources	4.7	6.0	3.3

These metrics are prescribed for all housing associations in order to provide comparison regardless of size or specialism and this is the first year of implementation.

Metric 1 relates to the amount we have spent on developing and acquiring new property as well as the amount we have invested in existing housing stock. There was limited development activity in 2016/17 which has resulted in the fluctuating result. An exception for Two Saints is we have no borrowing so we're reporting a negative gearing percentage at metric 3, which is measured as borrowing less cash reserves. It's widely accepted that operating margins in specialised housing are lower than in general needs housing providers, which is seen in metric 6 where our operating margins are 20-25% lower than the sector norm.

Social housing cost per unit at metric 5 will be consistently higher than the sector norm because, even after adjusting for support activity, we have a much higher staff to client ratio and also provide fully catered and furnished accommodation. The costs of providing these services has been the main reason for the increase in the year on year costs per unit which have been affected by rising fuel and food prices as well as our higher quality standards for furnishing and cleaning.

We have an annual plan that includes a range of objectives designed to meet our strategic commitments and a suite of key performance indicators to demonstrate our performance. These are summarised in the table below.

Table 2. Key performance indicators

	Target 2017-18	**2017-18**	**2016-17**	**2015-16**	**Performance against target**
Property utilisation	99%	98%	97.6%	96.1%	↓
Current personal rent arrears	2%	2.0%	1.0%	1.6%	↔
Former client rent arrears	3%	2.5%	2.3%	2.7%	↑
Gas servicing compliance	100%	99.7%	99.9%	99.8%	↔
Repairs completed in target time	95%	99.7%	99.7%	100%	↑
Staff turnover	20%	27.5%	31.4%	27.8%	↓

Our quality and performance – client satisfaction

As part of our drive to continually improve services we seek feedback from clients through our annual client questionnaire. Clients' responses help to inform us as to where we need to make changes in our services. The outcomes from the client questionnaire carried out in January 2018 show the following:

- 95% (2017 - 92%) of clients feel that their support plan reflects their goals and they receive support to achieve them
- 89% (2017 - 84%) of clients say that their support worker has discussed move on and support options for the future
- 91% (2017 - 83%) of clients feel the support they receive has helped them become a positive and independent person

Strategic targets

Our business strategy is updated every year and covers a rolling three year period. There are three strategic commitments which are to:

- Provide high quality accommodation and support for homeless and vulnerable people
- Develop our people
- Develop our organisation

We have a 5 and 30 year financial plan which demonstrates our ability to meet the strategic commitments. The plan indicates capacity to grow and sets our medium and long term financial targets. It includes our commitment to:

- Invest £1,694k in our buildings over the next 5 years
- Acquire or develop 36 units of accommodation either in buildings we already operate in or to replace leased buildings with owned assets
- Maintain cash reserves above £2m
- Generate overall surplus of £1,881k over the next 5 years which is 3.5% of turnover to be used to achieve investment and acquisition targets and maintain financial health