Value for Money Self Assessment 2013/14

Introduction

Poplar HARCA was established in 1998 as the first urban local housing company stock transfer. Virtually all of the stock we took on was medium to high density, medium or high-rise flatted housing and had significant problems of disrepair due to historic underinvestment. Our communities had among the highest levels of deprivation in the UK, and faced particular issues with overcrowding, anti-social behaviour and the highest youth density level in Europe.

Since those early days, we have refurbished more than 4,500 homes, carried out estate improvements, taken on the transfer of another 4,000 homes and built a further 1,000 homes. We have also levered in vital infrastructure, such as the A12 crossing and a new DLR station, paving the way for future regeneration opportunities.

We now have significant regeneration schemes underway under the ‘Reshaping Poplar’ programme and are also leading on the ‘Stuck in the Middle’ strategy to redevelop some 110 hectares of land in South Poplar and the Lower Lea.

We currently own or manage 8,821 homes.

In this value for money self-assessment, we outline our return on assets, our costs and how they compare, the savings we have made and the savings we plan to make in the future. We also show how the efficiencies we are making are being invested in high-quality housing and improved services for our communities.

Our strategy

Our corporate strategy for the five years to 2016 sets out our vision of providing high quality homes and services in strong and sustainable communities. Achieving excellent value for money in all that we do is vital to achieving this vision: we aim to make the best possible use of resources to improve housing, neighbourhoods and opportunities for our residents, with high quality outcomes and demonstrable social returns. We have an up-to-date value for money (VfM) strategy which helps to embed VfM principles across the organisation and links with our corporate strategy. Key features of our VfM approach are:

- Engagement with VfM at every level of the organisation. The Board sets and monitors our VfM policy, and the policy is also scrutinised at every meeting of our Finance and General Purposes Committee, Corporate Management Team and Operational Management Group.

- Each head of service is responsible for ensuring VfM in their service and has been tasked with identifying VfM initiatives.

- Residents have been fully engaged with the VfM process. A resident Value for Money Scrutiny Group and a Contractor Monitoring Group of residents have completed a full review of services.

- The Services Committee now instructs service reviews on an ad hoc basis so we can focus resident resources on the areas where improvement is thought to be most needed.

- We have involved residents in prioritising the areas where they would like to see efficiency savings recycled.

- We publish VfM initiatives in our resident newsletter and ask for residents' VfM ideas in each issue.

- We are working with estate boards to develop local VfM initiatives.

Return on assets

Since our earliest days, robust asset management has been vital to our work. This has involved:

- Comprehensive stock condition surveys and net present value assessments, followed by the development of detailed masterplans and high quality refurbishment of the housing stock, using significant levels of capital grant to bridge the funding gap on negative value stock.

- Maximising the return on our land assets, through new build and the creation of mixed tenure neighbourhoods.

More recently we have further developed this approach through our Reshaping Poplar programme, which is built around a comprehensive approach to asset management and return on investment. We recognise that we now own 32% of land in the area, with another 30% of land being potentially available brownfield sites of which 8% are owned by the London borough of Tower Hamlets. We therefore have one of the strongest regeneration opportunities in London. We are committed to achieving mixed-tenure development at higher densities than the existing stock, so maximising cross-subsidy from homes for sale whilst mitigating development and sales risk.

We have also facilitated the development of the 'Stuck in the Middle' strategy for the neighbouring areas of Lower Lea and South Poplar in partnership with the London Borough of Tower Hamlets, the GLA, Transport for London, the London Borough of Newham and the London Legacy Development Company. The Stuck in the Middle partnership has identified 110 hectares adjacent to our stock with the potential to build 40,000 new homes and create 13,000 jobs. If successful it will benefit Poplar HARCA by attracting further investment to the area and potentially increasing the value of our homes.

Our current approach to maximising the return on our assets is characterised by extensive stock option appraisals based on detailed density calculations and net present value analysis. We aspire to redevelop as much as half our stock rebuilding at higher density. We estimate that there is the potential to add up to 12,000 new homes. Ideally we would achieve this over a 15 – 20 year period but that is very much dependent on our capacity and other external factors.

Our work in securing wider infrastructure improvements, such as a pedestrian road crossing over an urban motorway near the Aberfeldy Estate and a new school and health centre in the St Paul's Way area, has been key to securing the improved neighbourhoods that allow for increased values and successful regeneration.

Risk based approach

We take a risk based approach to ensure we achieve the desired return on assets within our financial framework. For example, we work in partnership with residential developers using land sale and barter arrangements, which means the risk is carried by the developers. We insist on overage clauses, but there is no underage. We therefore protect ourselves financially from any development losses, but share in development gains. We could take more risk and potentially make a higher financial return. However the priority is to ensure the area is regenerated and we need to ensure that that we can continue with this work in the future.

We do not include any overages in our business plan. We do include conservative assumptions for shared ownership sales and a cash inflow from the Balfron Tower redevelopment. To test financial stability, we run a sensitivity of a 20% fall in shared ownership sales prices and removed all cash inflow from Balfron to ensure we are operating well within our financial framework and funder's covenants.

Examples of our success in maximising the return on our assets

- The redevelopment of the Aberfeldy Estate, which is now onsite, where we are replacing 297 existing homes with 1,176 new homes, of which 828 are for sale, 158 are for private rent, 170 are for affordable rent and 20 are for shared ownership. We are increasing the density of the estate from an existing 160 habitable rooms per hectare to 527, increasing the value of the land and our stock holding without the need to buy additional land. On the first phase of Aberfeldy, we have been generating an average sales value of £412 per square metre (psqm) against an appraisal allowance of £387 psqm.

- Converting the Grade 2 listed Balfron Tower from a social rented block to all private sales. The red book valuation of Balfron Tower using EUV–SH is negative (£4,030,000). By changing the tenure to private sale we anticipate that the project will generate a positive NPV and reduce financial risk for Poplar HARCA.

- We have secured overage clauses in contracts to ensure that we benefit from any upturn in the market. This strategy is expected to generate nearly £4m over two years including £1m for the Panoramic building, £500,000 for Carron Close, £1m for Bartlett Park and more than £1m for Tweed House.

- Our 'Urban Living' initiative in partnership with Bellway Homes and Telford Homes identifies small unused sites or low density bedsit blocks to be replaced with higher density mixed tenure schemes. This has generated new affordable housing and land receipts for Poplar HARCA. In 2013/14 the Urban Living programme generated 39 new homes and we expect overage payments once work has been completed.

- Work to identify new funding sources to increase net present values and return on investment. These include a project with DCLG and the GLA to identify potential new loan funds.

Absolute and comparative costs of delivering services

- Poplar HARCA is a member of HouseMark. We use HouseMark data to compare our operating costs against 15 other housing providers (London stock transfer organisations, the local ALMO and other comparable providers with whom we share information).

- Each year an independent polling company carries out a statistically representative survey of our residents. Analysis of resident satisfaction is therefore provided in a separate section below.

- We have also analysed our costs using data from the Homes and Communities Agency's global accounts against 12 of these providers to give us more information about our costs and performance. (Three of these were not in the Global Accounts data).

Peer comparisons

Overheads

Overhead cost per direct user													
Kpi	Peer Group Quartiles				Poplar HARCA (2012/2013)			Poplar HARCA (2011/2012)			Poplar HARCA (2010/2011)		
	Sample	Upper	Median	Lower	Result	Rank	Quartile	Result	Rank	Quartile	Result	Rank	Quartile
Premises	16	5,113	6,387	7,700	3,556	2		2,670	1		3,283	1	
ICT	16	6,357	7,596	8,803	6,340	4		6,530	6		5,093	1	
Finance	16	3,943	4,340	4,831	1,481	1		1,589	2		1,572	2	
Central	16	8,622	10,626	12,605	5,930	1		5,911	1		6,718	3	

Housing Management

Housing Management - Cost Summary													
Kpi	Peer Group Quartiles				Poplar HARCA (2012/2013)			Poplar HARCA (2011/2012)			Poplar HARCA (2010/2011)		
	Sample	Upper	Median	Lower	Result	Rank	Quartile	Result	Rank	Quartile	Result	Rank	Quartile
Total CPP of Housing Management	16	469.33	525.26	607.18	458.48	3		416.88	1		460.37	5	
Direct CPP of Housing Management	16	278.59	323.99	361.76	324.84	9		298.81	6		337.49	12	
Direct CPP of Rent Arrears & Collection	16	63.51	76.49	87.18	78.60	9		73.90	8		87.96	13	
Direct CPP of Resident Involvement	16	35.68	41.18	86.77	33.00	3		29.09	1		46.93	10	
Direct CPP of Anti-Social Behaviour	16	37.30	47.86	62.00	59.33	12		54.03	12		68.12	13	
Direct CPP of Lettings	16	31.32	41.46	51.97	43.22	10		37.57	8		48.63	12	
Direct CPP of Tenancy Management	16	61.79	92.09	105.95	110.69	14		104.22	12		85.84	7	

Housing Management - Performance Summary													
Kpi	Peer Group Quartiles				Poplar HARCA (2012/2013)			Poplar HARCA (2011/2012)			Poplar HARCA (2010/2011)		
	Sample	Upper	Median	Lower	Result	Rank	Quartile	Result	Rank	Quartile	Result	Rank	Quartile
Current tenant rent arrears net of unpaid HB as % of rent due	12	2.30	2.79	3.22	5.04	11		4.92	11		4.98	11	
% of anti-social behaviour cases successfully resolved	12	95.43	88.05	75.45	98.21	2		97.94	3		100.00	1	
Tenancy Turnover (GN & HfOP)	16	4.38	4.82	5.78	5.71	12		7.42	17		4.29	5	

Repairs, voids and estate services

Repairs, voids and Estate Services - Cost Summary													
Kpi	Peer Group Quartiles				Poplar HARCA (2012/2013)			Poplar HARCA (2011/2012)			Poplar HARCA (2010/2011)		
	Sample	Upper	Median	Lower	Result	Rank	Quartile	Result	Rank	Quartile	Result	Rank	Quartile
Total CPP of Responsive Repairs & Void Works	16	826	975	1,045	1,081	13		956	8		861	7	
Total CPP of Responsive Repairs (Service Provision)	16	458	505	595	535	10		553	12		518	9	
Total CPP of Responsive Repairs (Management)	16	159	230	274	248	10		225	8		187	7	
Total CPP of Void Works (Service Provision)	16	118	153	186	274	15		153	9		126	7	
Total CPP of Void Works (Management)	16	28	34	51	23	2		25	3		30	7	
Direct CPP of Estate Services	14	215.28	291.15	385.04	382.14	10		355.57	9		345.59	9	
Total CPP of Estate Services	14	271.52	439.31	536.35	498.98	9		464.53	8		459.76	8	

Repairs, voids and Estate Services - performance Summary													
Kpi	Peer Group Quartiles				Poplar HARCA (2012/2013)			Poplar HARCA (2011/2012)			Poplar HARCA (2010/2011)		
	Sample	Upper	Median	Lower	Result	Rank	Quartile	Result	Rank	Quartile	Result	Rank	Quartile
Average cost of a responsive repair	15	99.27	134.25	156.79	149.86	11		157.32	12		150.06	12	
Average cost of a void repair	16	2,018	2,496	3,899	4,798	14		2,059	6		2,936	10	
Repairs completed on time	15	98.2	96.2	95.3	97.8	5		98.9	3		98.3	3	
Average re-let time	16	18.77	22.72	30.81	21.0	7		17.0	4		17.3	4	

Analysis and commentary on housing management, repairs and voids and estate services is provided in one section following all benchmarking charts and tables for cost, performance and satisfaction results.

Resident satisfaction survey

Each year an independent polling company carries out a statistically representative survey of residents. The 2013 survey was presented to our Board in November 2013.

The headline survey results are:

- **83%** of tenants surveyed are satisfied overall. (2012 - 79%, 2011 - 69%)
- **51%** of leaseholders surveyed are satisfied overall. (2012 - 68%, 2011 – 48%)
- **79%** of all residents surveyed are satisfied overall. (2012 - 77%, 2011 - 59%)

Benchmarking of London tenants' satisfaction through Housemark shows upper quartile at 79%. Through the Tower Hamlets Housing Forum and information shared from local landlords we can compare some headline results:

	tenants	**leaseholders**	**opportunities to be involved** (tenants)
East Thames	76%	-	68%
East End Homes	82%	56%	63%
Gateway	69%	46%	52%
Old Ford	77%	58%	71%
Poplar HARCA	***83%***	***51%***	***79%***
Southern Housing Group*	78%	-	63%
Swan*	84%	46%	69%
THCH	81%	47%	65%
Tower Hamlets Homes	77%	47%	55%

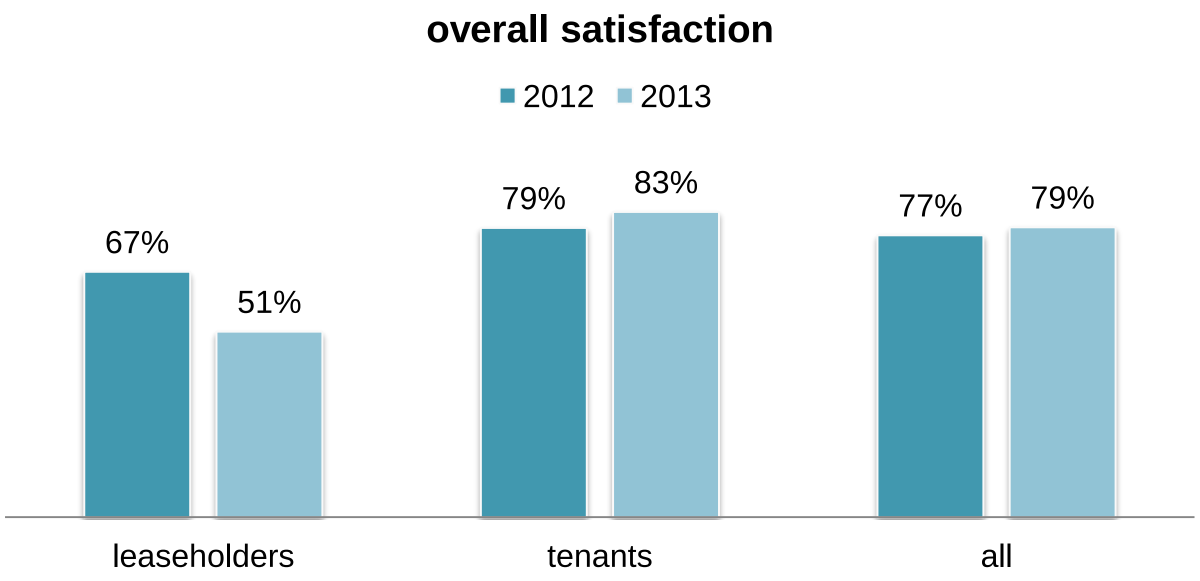
Tenant satisfaction has increased further in 2013 and we are now in the upper quartile for benchmarking purposes. Leaseholder satisfaction has fallen, but is still above that recorded in 2011 and is at the upper-end of the results reported by local landlords which are broadly similar within a twelve-point spread.

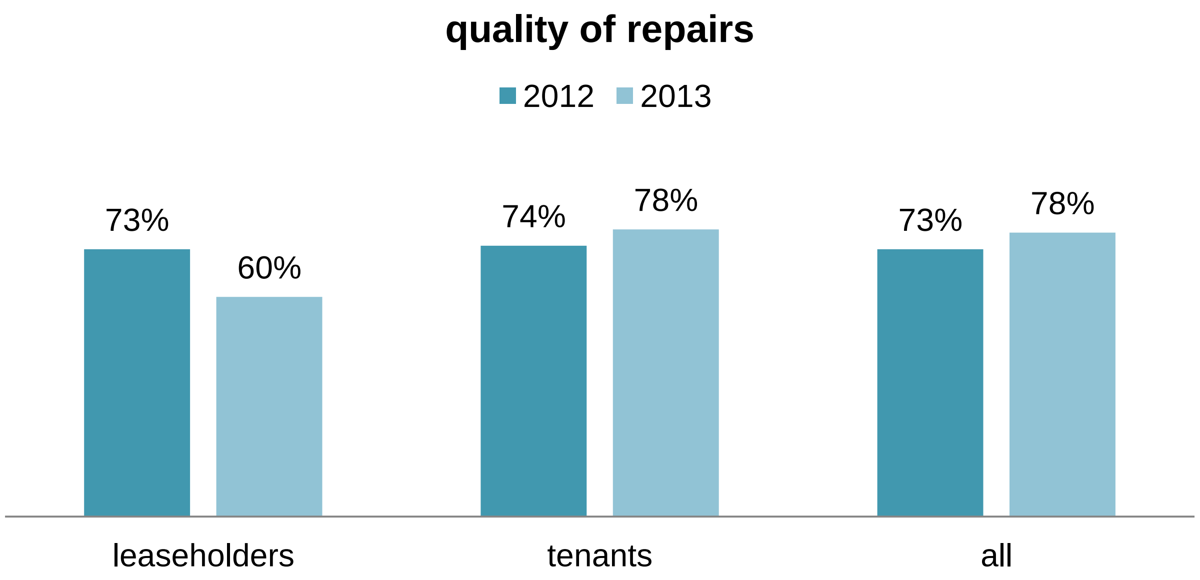
Another great result is how people feel about our community centres. The 2013 survey result showed 93% of residents are happy with the quality of the centres and would recommend them to family and friends.

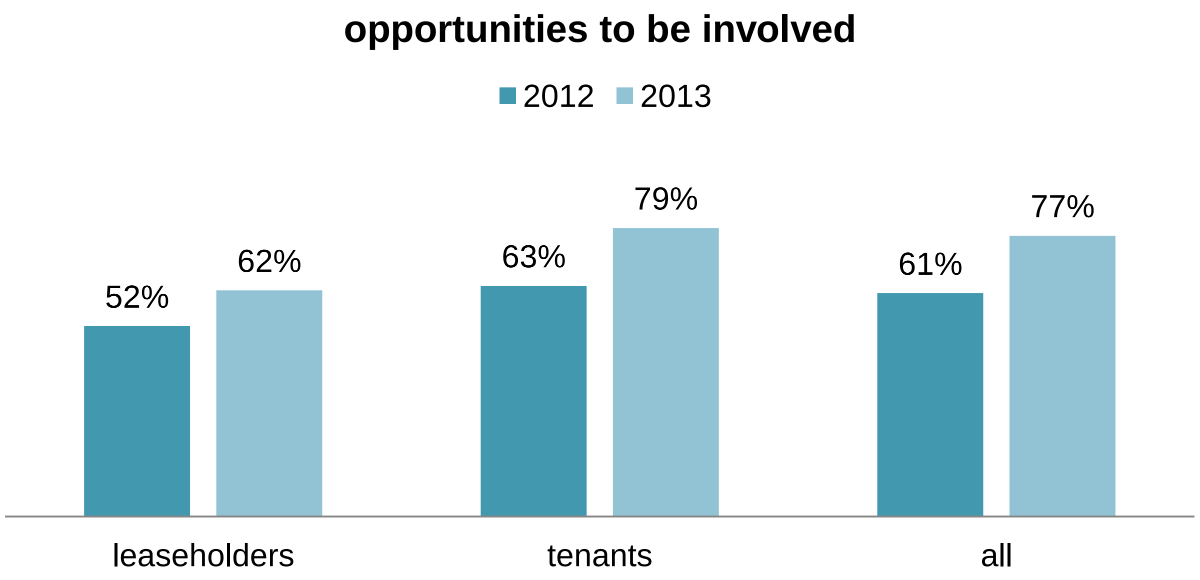
On every indicator except helpfulness of staff (same as 2012 at 81%) and completing repairs on time (down from 77% to 74%), tenants are more satisfied.

The full resident survey report can be found on the Value for Money page on our website: http://www.poplarharca.co.uk/content/value-money

* *landlord also has stock outside London*

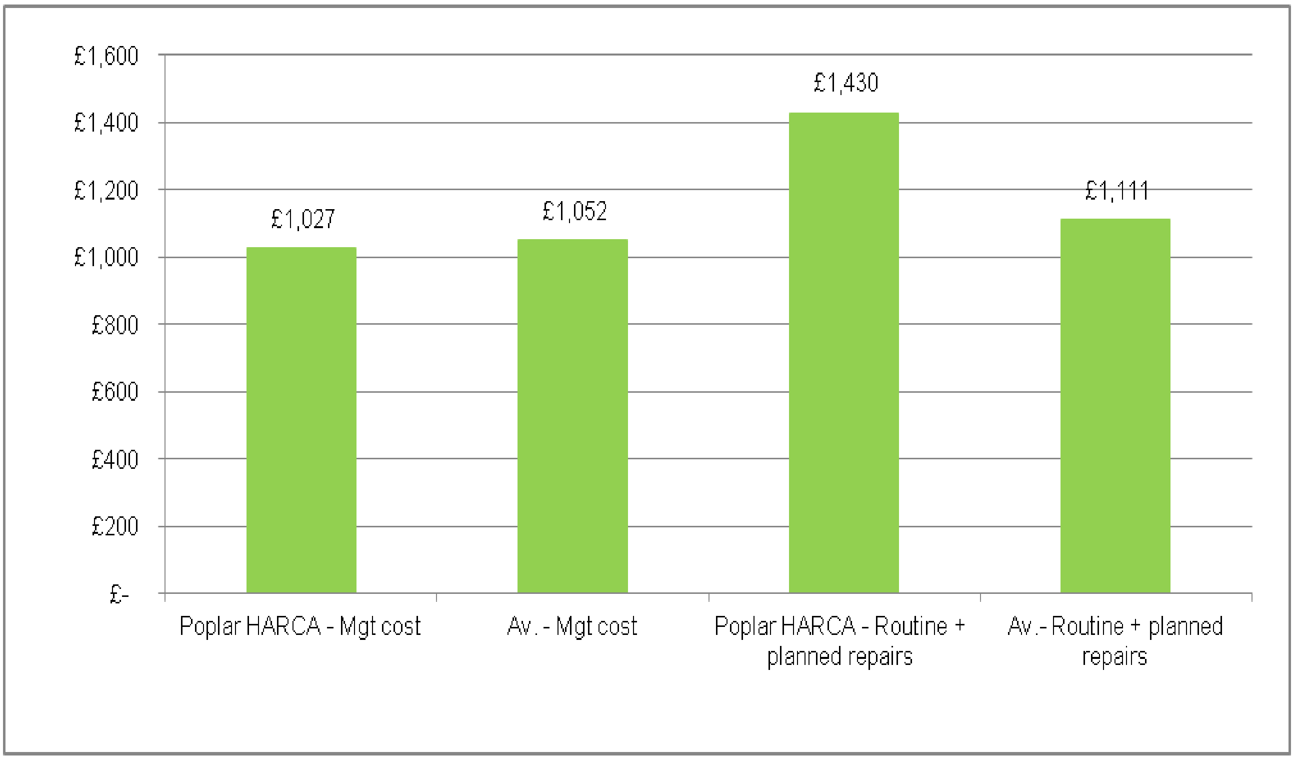

overall satisfaction
2012
2013
67%
51%
79%
83%
77%
79%
leaseholders
tenants
all


quality of repairs
2012
2013
73%
60%
74%
78%
73%
78%
leaseholders
tenants
all

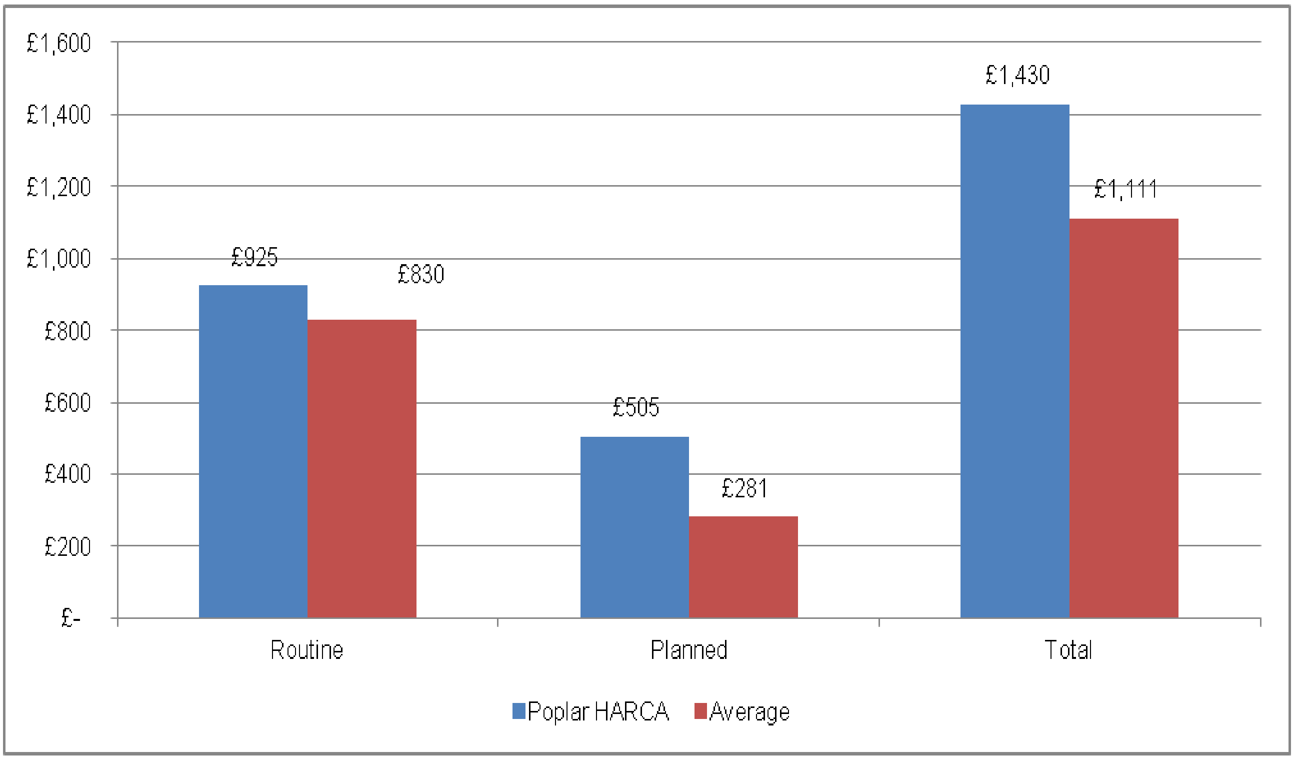

opportunities to be involved
2012
2013
52%
62%
63%
79%
61%
77%
leaseholders
tenants
all

Global accounts peer comparisons

Operating costs per property



Repair costs by category



Analysis commentary on benchmarking cost and performance

In summary, we are a top quartile performer in our HouseMark data on total housing management costs, but a lower quartile performer on repairs and some of the direct costs of tenancy management and associated services. The global accounts comparison also shows that our management costs are running below our peer group, but our repairs costs are higher than our peer group.

Overheads

Poplar HARCA has low overhead costs (also known as back-office costs). This results in a lower increase from direct to total costs of services relative to our peers. Currently we are reviewing our ICT strategy and aim to invest to save by improving the efficiency of front line services. All projects will be required to provide a robust business case that demonstrates financial savings for Poplar HARCA overall. We are investing in stronger financial controls to respond to increased complexity such as the £140m bond refinancing and the joint venture agreements we are involved in to control development risk.

Housing Management

We are committed to improving the lives of our residents and creating sustainable, safe and healthy neighbourhoods with good access to employment and leisure opportunities. We therefore put resources into a number of successful initiatives such as our family intervention programme, our intervention programme for households at risk of eviction and our police and anti-social behaviour initiatives (detailed in the savings section below). These have an impact on our costs in areas such as tenancy management and anti-social behaviour but produce both very high social returns and significant savings in, for example, reducing evictions and crime-related costs. We are top quartile performers on percentage of anti-social behaviour cases successfully resolved, showing the value of our work in this area. The investment in these areas has contributed to rising tenant satisfaction levels as detailed earlier in this document.

Our analysis of HouseMark data over five years shows that our costs in many areas are reducing:

Direct CPP	08/09	09/10	10/11	11/12	12/13	2008-2013	
ASB	£50	£71	£68	£54	£59	+18%	+£9
Leasehold	£249	£233	£222	£191	£206	-17%	-£43
Lettings	£53	£59	£49	£38	£43	-19%	-£10
Rent Arrears & Collection	£87	£96	£88	£74	£79	-10%	-£9
Resident Involvement	£55	£48	£47	£29	£33	-40%	-£22
Tenancy Management	£200	£114	£86	£104	£111	-45%	-£90
Housing Management (excl leasehold)	446	388	337	299	325	-21%	-£121
Housing total	**696**	**621**	**559**	**490**	**531**	**-24%**	**-£165**

Our own analysis has looked at the cost of our discretionary services, including our family intervention project, police team and ASB team which are having a positive impact on performance and satisfaction.

2012/13 costs include the following discretionary services:

Budget	Service	Annual cost	CPP (2012/13)	Description
ASB	FIP	£90,000*	£10.36	Family Intervention Project working with families at risk of eviction through ASB
ASB	Police	£450,000*	£51.80	Dedicated Police Team
ASB	Support Coordinators (salary excl overheads)	£64,033*	£7.37	Dedicated staff in ASB Team who support victims of DV & hate, lead on RJ and work with perpetrators
Lettings	CHR	£52,000	£8.28	Annual fee to LBTH for Common Housing Register membership
Rent Arrears	Kineara Rent Support Programme	£60,000	£9.55	Family Intervention Project working with families at risk of eviction through rent arrears
Tenancy Management	Alert-a-Call	£37,000	£5.89	Telehelp service provided free to user – currently approx 300 clients
Tenancy Management	Estate Newsletters (print/ distribution costs)	£21,000*	£2.42	Estate Boards requested dedicated estate newsletters to supplement corporate HARCALife
Tenancy Management	Support Advisors (salary excl overheads)	£90,444	£14.40	Dedicated staff working with older and vulnerable residents, and leading on financial inclusion
	Total	**£864,477**	**£108.48**	

** costs also re-charged to leaseholders*

If these discretionary services were deducted, 2012/13 management costs would be over £108 per property less for all managed homes. This would put Poplar HARCA at number one in the peer group for total and direct cost per property for housing management.

The examples given later on in the section ‘Evidence of VFM gains’ specifically demonstrate that this discretionary spend results in a return significantly higher than the investment cost. The improvement in resident satisfaction is evidence that this discretionary investment is delivering value.

Further improvement in cost and arrears

A restructure of the Housing Directorate in 2014 will realise savings of approximately 2% on a staffing budget of £2.6m which will make the direct cost of housing management more competitive with peers.

Arrears were lower quartile in 2012/13 and we recognised the need to improve in this area. Current arrears have fallen since 2012/13 to under 4.5% as at 31 March 2014 having been stuck at 5% for three years. We continue to focus on improving rent collection.

Repairs and voids

In the section below we describe our strategy moving forward to reduce the cost of repairs and voids. Performance in terms of repair completion, re-let time and satisfaction with repair quality has been good; therefore our primary focus is to reduce cost.

Given the singularity of our stock profile and population, with unusual levels of overcrowding and youth density, benchmarking effectively is difficult for us. We have the highest level of communal areas of any housing association, as 90% of our stock is made up of flats.

We have a long-term regeneration and redevelopment programme, which aims to replace lower quality stock over a period of time. Decanting crystallises void repair costs and has a negative impact on the tenant turnaround performance. Decanting is a necessary part of regeneration for those sites where we have calculated that redevelopment is more efficient and effective than refurbishment. Our strategy is delivering better quality stock and the recent void expenditure improves the quality of existing homes in addition to the new homes that we are building.

We recognise the importance of analysing our costs closely and of bearing down on those costs. On repairs and maintenance, our priorities are:

- Tailoring our £125m refurbishment programme to ensure it reduces long-term repairs and maintenance costs. We have seen a major reduction in repairs spending after work – our analysis of four blocks has shown a 58% average decrease in communal repairs post refurbishment. Internal repairs in refurbished homes cost 25% less than internal repairs in properties pre-refurbishment.

- Containing repairs and maintenance costs through our procurement strategy. We have deliberately avoided major partnering contracts with repairs and maintenance contractors which have caused financial and operational difficulties for some other associations. Instead, we recruit smaller locally-based contractors, producing a positive social return and boost to the local economy.

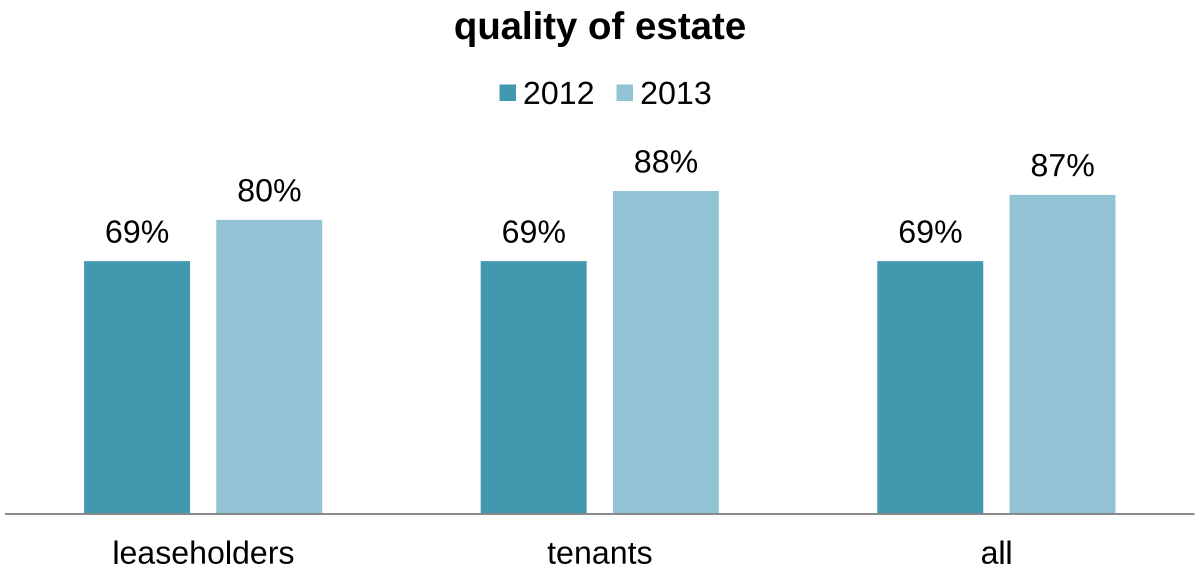
- Targeting void expenditure after an increase in 2012 and 2013, primarily by reducing specifications without reducing the standard of the property. Changes were introduced in 2013/14 which is already starting to pay off. For 2014/15 we have set a target to reduce the cost per void by 15%. We estimate an annual saving of £300,000 assuming a relatively stable number of voids.

- Developing a strategy for tackling the properties which account for the most repair expenditure. In 2013/14, 22% of properties requiring at least one repair accounted for 71% of the total internal repair expenditure and 50% of the number of internal responsive repair jobs raised. We are currently undertaking analysis of the properties requiring more than five responsive repairs per year, and how much issues such as aids and adaptations, vulnerable residents, overcrowding, extensive void works and new build defects contribute to this issue. We will be monitoring the properties requiring the most repairs and arranging intervention visits or property MOTs where necessary. We are targeting a reduction of 5% responsive maintenance costs incurred by the top 20%, which would save around £130,000 a year.

- Initiatives to tackle unnecessary referrals to specialist drainage contractors for blockages and to replace boilers to reduce future spending.

Estate services

Estate services costs have been relatively static whilst performance has improved significantly. We describe in this document how a restructure added more front line resource and a higher specification service without additional cost by reducing back office management costs. The results in our independent survey found that satisfaction with the quality of the estate has increase from 69% in 2012 to 87% for all residents (including leaseholders). We now aim to continue to improve the quality of estates, keep cost per home stable.



Evidence for past VfM gains and VfM gains going forward:

In 2013/14, we saved £239,000 on housing management (2.7% of the budget), £723,000 on maintenance (7.9% of the budget), and £208,000 on Estate Services (3.4% of budget). Arrears were reduced in 2013/14 resulting in a small credit for bad debts and a favourable variance of £638,000. However VfM is about more than cost savings and we also aim for continued improvement in service delivery and satisfaction levels among our residents.

The total operating cost savings of £1.8m is a 5.5% saving on the total gross operating cost budget (excluding depreciation) of £32.9m. Savings have been reinvested in a number of the programmes set out below. Many of these are designed to tackle entrenched problems with a financial or social cost to our community and are in turn producing savings for Poplar HARCA and, more widely, for other agencies and the taxpayer.

Key VfM gains:

- Where possible we have reorganised to reduce management costs significantly and boost frontline services. In our estate services team we saved £208,000 by replacing 11 manager posts with seven estate managers, reducing the number of supervisory caretakers, streamlining the administration functions and restructuring the cleaning service team. The savings have been reinvested into our new caretaking and deep cleaning services to better meet the needs of our densely populated, flatted urban environment. Changes have also been made to the landscape maintenance team with 14 generic former ground worker staff being re-skilled to form a specialist team of landscape maintenance operatives under the supervision of two qualified supervisors. All of the above changes have contributed to our rising satisfaction figures.

- We have a successful volunteering programme: we estimate that in 2013/14, through the work carried out by 278 volunteers, added value of approximately £1m was achieved.

- Poplar HARCA operates a framework for the procurement of consultancy and construction services. Mini tenders are undertaken for every project and this has allowed the refurbishment programme to deliver approximately £3m of savings against the budgeted sums in the business plan.

- On central supplies and energy, we achieved an annual saving of more than £41,000 on mobile phones, photocopiers and energy. We saved £35,000 by renegotiating our parking contract and we have put in place new conveyance arrangements which have saved £17,600.

- On repairs and voids going forward, we have set a target of a 10% reduction in non pay costs per property for 2014/15 compared with 2013/14. This will produce savings of around £650,000. The initiatives, outlined in more detail in the costs section above, are as follows:

  - Reduce top 20% homes costing 70% of budget £130,000
  - Communal repairs post refurbishment £50,000

- – Minor repairs post refurbishment £30,000
- – Internal blockages £50,000
- – Boilers spend to save replacements: £40,000
- – Voids £350,000
- – Target representing a 10% cost reduction of £650,000 relative to 2013/14

Recycling savings into high quality services with a pay-off

- £90,000 reinvested in a family intervention programme. This project was chosen by residents as their top priority and has a 100% success rate in avoiding evictions and other legal sanctions. Working with seven or eight families each year, the programme provides intensive support to families with issues such as rent arrears, noise nuisance and anti-social behaviour. Analysis has shown each successful case saves £24,000 by avoiding the costs associated with possession action, eviction, casework and anti-social behaviour, meaning the programme is saving approximately £170,000 annually. Beyond that, the government's cost savings model tells us each family successfully supported saves the taxpayer £250,000 a year.

- £60,000 reinvested in family intervention run by social enterprise Kineara for families with rent arrears or affected by welfare reform. This project has a 97% success rate and has to date saved £231,000 by avoiding evictions, legal fees and saved officer time

- £450,000 reinvested annually in a police team, leading to significant reductions in crime and crime-related costs, as well as boosting tenant satisfaction and perceptions of safety. This has had a whole raft of successes, including 72 arrests, more than 350 criminal reports, 13,500 hours of patrols and 80 staff trained, and has produced benefits calculated at £1m, in savings and costs avoided

- A London Fire Brigade seconded officer in the ASB/police team has meant a 50% reduction in fire incidents, which the London Fire Brigade estimates means £354,816 in savings or costs avoided between April 2013 and December 2013.

- The services of our dedicated anti-social behaviour team are now being sold on to other housing associations. This is expected to bring £60,000 additional income in 2014/15.

- £90,000 reinvested into a vulnerable person team working with 180 older and vulnerable residents. This is designed to help keep them independent in their homes, with associated savings in health and social care costs and has also helped tenants claim £87,000 in Housing Benefit and £92,000 in other benefits over a year.

- £30,000 reinvested into Alert-a-call, a telephone help service currently supporting around 300 clients. Our evaluation suggests this service is the equivalent of five full-time employees providing a welfare visiting service.

- £64,000 reinvested in a dedicated team supporting victims of domestic violence and hate crimes.

- £300,000 reinvested in Spotlight, our new £8.2m youth arts and creativity centre, £5.6m of which was externally funded.

- Overcrowding reduction strategy. Between 2011 and 2014, 360 overcrowded households moved to more appropriate homes, with knock-on benefits for tenant satisfaction and stock wear and tear.

- Our employment and training team and their partners helped 221 people into work in 2013/14. Using Department for Work and Pensions figures, this represents a saving to the taxpayer of £1,800,000.

Other social value

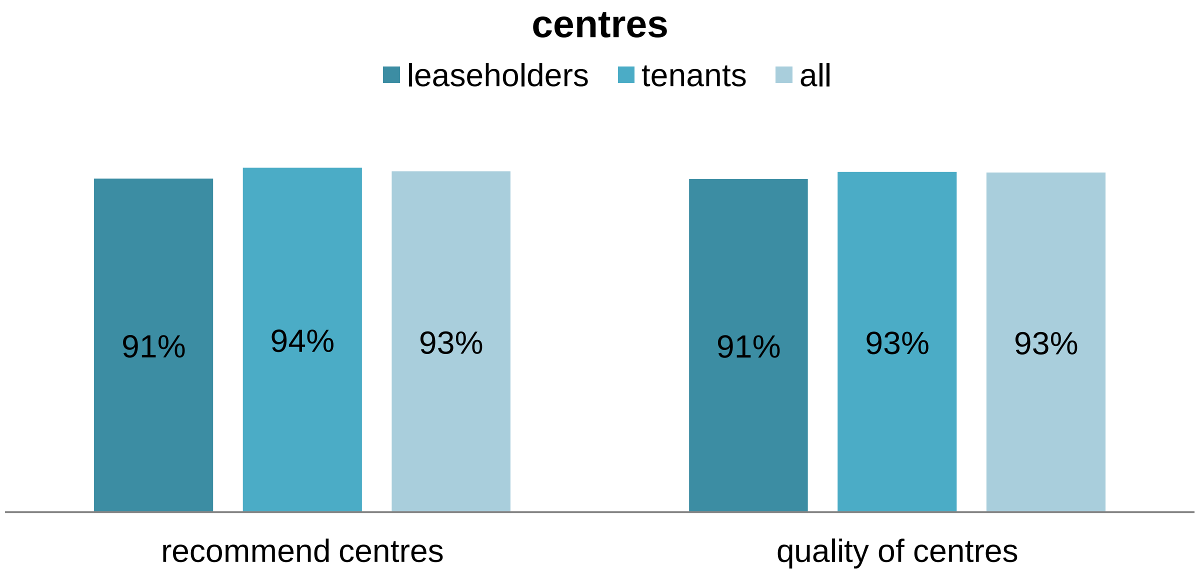
Poplar HARCA covers three wards. Up until 2007 two of these were the poorest and the third was the 8th poorest in London. Encouragingly, by 2010, this had improved with two wards being 2nd and 8th poorest and the third ward no longer in the bottom 20.

Our communities and neighbourhoods (CaN) programme is a key priority for us. Our budget of £2m is supplemented by further funding of £1m secured externally. Some 90% of activities run from our 12 community hubs are delivered by (and often funded by) external partners, with savings secured through these arrangements contributing towards the funding of three new community hubs.

The CaN programme delivers excellent social returns, helping to address the effects of high youth density such as youth-related crime and anti-social behaviour. A recent study by Goldsmiths has identified that CaN and its partners achieve a social return on investment of £12 for every pound spent. Of the total £12 return on every pound spent, the Goldsmith report concluded that £5.60 would be cash savings to the state, £0.80 would an economic benefit and the remaining return being of social benefit.

We are also working with HACT to develop new housing and community measures to demonstrate the impact of our work.

Poplar HARCA expects to benefit from falling management costs such as anti-social behaviour and reduced arrears as this economic and social benefit comes to fruition over the next ten years. For residents, the economic benefit will impact positively on local job opportunities and the social benefit will improve people’s lives in areas such as health and education. Therefore CaN is a crucial element to delivering our mission of making Poplar a place where people choose to live, work and enjoy life.



The Spotlight Youth Centre

The Spotlight Youth Centre, completed in 2013/14, is a £8.2m new build youth centre located at Langdon Park School. The accommodation and facilities at the centre are shared with the school's newly established 80-place sixth form. The Centre is intended to deliver "World class youth facilities driven by the active participation of young people, their views and needs" (Spotlight Business Plan).

The cost benefit analysis of the Spotlight Centre was carried out for Poplar HARCA by the ethical business consultancy Greenmarque between December 2012 and February 2013, in advance of completion in July 2013. The model used was the Social Return on Investment method. This is the favoured approach to evaluation of such projects by the Department of Communities and Local Government (DCLG).

The input analysis shows that the Poplar HARCA investment (nearly £5m) will lever in a further £19m of stakeholder investment over a 10 year project lifetime, so generating nearly £4 of investment for every £1 in outlay. The analysis also suggests that the investment from Poplar HARCA will have helped to generate, in terms of social return, a net present project value nearly ten times its investment.

Where values could be attached to benefits, the total value was calculated at £48.5m. Since the identified inputs (costs to all stakeholders) total £24m, this produces a provisional Social Return on Investment Ratio of just over 2 to 1, and a Net Present Value of £24.5m.

However, the social return figures are likely to be understated by the calculation. Although excluded from the evaluation, it was anticipated that the Spotlight Centre would create benefits for a wide range of stakeholders such as the wider community benefit, improvements in sustainability to delivery partners, and the net wages payment to construction workers. Had these figures been identified, it is likely that the SROI value would have been higher.

Environmental returns

We have a designated action plan on green issues and a £45m strategy to achieve a reduction in fuel poverty through our refurbishment and new build works. Achievements so far include:

- Insulation of existing homes. The latest phase of this project, involving 1,273 homes, has saved every household an estimated £97.50 a year.
- Securing Cerp/Cest/Eco funding of £1.5m which is being reinvested in properties which were outside the original programme to bring them back into the rental pool.
- On our large estate regeneration projects, we are replacing poor quality stock with homes built to Code Level 4 standards. These homes will be more energy efficient than the stock they replace, saving our residents around 44% on their annual fuel bills, compared with base building regulation standards.
- Raising £300,000 for environmental projects on our estates.
- Organisational savings, including a 5% reduction in our energy and resources use in our offices, and a 25% increase in recycling.
- Community benefits. We were one of only six housing providers nationally selected for the Cabinet Office's Social Action Energy Pilot, bringing in £10,000 to train residents.

Our self-assessment against the VfM standard

We believe that Poplar HARCA complies with the HCA's standard for VfM.

This table summarises our actions against the specific expectations of the HCA

Specific expectations of the HCA	***Summary of how Poplar HARCA is meeting these expectations***
1.1 Registered providers shall:	
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	Our objectives are set out clearly in our plan Re-shaping Poplar It aims to regenerate the whole area through higher quality housing and much reduced levels of deprivation We have delivered tangible benefits to the community such as new homes (eg, 1,176 on the Aberfeldy Estate) and jobs for local people (we helped 221 people into work in 2012/13) – levels of deprivation have

Specific expectations of the HCA	*Summary of how Poplar HARCA is meeting these expectations*
	dropped markedly We collect high quality data on stock condition, costs of services and social impact and use this to drive our decisions When we decide to spend money on social initiatives such as our Family Intervention Projects and additional policing we gather hard evidence of the cost savings as well as the social benefits The Board sets our strategy on VfM and regularly challenges our delivery of it
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 value for money including the potential benefits in alternative delivery models – measured against the organisation's purpose and objectives	We hold up to date stock condition data and use NPV modelling to inform our option appraisals We have developed new ways of regenerating our estates and taken a risk based approach. For example at Balfron Tower we had a block with a significant negative NPV and financial risk. A developer is taking the risk of refurbishing these homes while the contract enables us to benefit should profit be achieved, which we will reinvest in new affordable housing in our area Our long term plans to replace stock and rebuild better quality homes at higher densities will increase the number of homes in the area by almost 50%
Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance	We keep accurate and timely data of our performance levels and costs These are reported on to the Board, our Finance and General Purposes Committee, Corporate Management Team and Operational Management Group A resident Value for Money Scrutiny Group, reviewed VfM across all services over a 2 year period and made recommendations to the Board. Residents participated in selection of contractors for all major refurbishment contracts.

Specific expectations of the HCA	***Summary of how Poplar HARCA is meeting these expectations***
	Residents review and monitor contracts and also help us to choose the projects to pay for out of the savings that we make We tackle priority issues like the cost of repairs in a strategic way by, eg, building new homes that are less costly to maintain, replacing old lifts with modern ones that are more reliable and cheaper to run, taking advice on procurement and acting on it and advising tenants on how to avoid blocked sinks (one of our commonest repair call outs)
Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so	We benchmark our costs and performance levels against relevant peers through HouseMark and the HCA Global Accounts Where costs appear to be high we analyse the reasons High density flatted stock with substantial communal areas impact on our costs. But this does not stop us from looking for every opportunity to save money – our housing management costs are in line with our peers and we are taking a range of measures to bring our maintenance costs back in line and achieve our corporate objectives (eg, employing small local maintenance firms)
1.2 Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish 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 assessment shall:	

Specific expectations of the HCA	*Summary of how Poplar HARCA is meeting these expectations*
Enable stakeholders to understand the return on assets measured against the organisation’s objectives	Our self-assessment shows the progress we have made in building new homes and increasing the value of our assets Our decisions about whether we repair, regenerate or sell an asset are based on stock condition data and NPVs at the granular level for each home
Set out the absolute and comparative costs of delivering specific services	We have set out our costs and performance levels against peers Where we appear to be high cost currently we show the steps we are taking to bring these costs down (eg, on repairs) or explain why some of these costs are necessary and bring benefits to local people (such as the Family Intervention Projects preventing evictions and the additional policing cutting crime)