



VALUE FOR MONEY STATEMENT

2021/22



Creating the right environment for people to flourish



www.linc-cymru.co.uk

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Our Approach

We are committed to delivering services that meet the needs of our customers to ensure that we achieve value for money in all that we do.

What is Value For Money?

Great quality services are an essential part of Value for Money or VfM, delivering high levels of satisfaction and positive outcomes for customers, communities and our colleagues.

Delivering and demonstrating VfM is a requirement of the Welsh Government's Regulatory Framework for Housing Associations Registered in Wales. It is not about saving money but rather about ensuring we operate economically, efficiently, and effectively whilst maintaining equity at the heart of our business. It is commonly known as the relationship between economy, efficiency, effectiveness, and equity, sometimes known as the "4 E's".



ECONOMY

Doing things at the correct or right price

The price paid for what goes into providing Linc products and services. Economy is about minimising the cost of resources for an activity



EFFICIENCY

Doing things the right way

A measure of productivity, how much you get out in relation to what is put in. Efficiency is primarily associated with the process and delivery i.e. performing tasks with reasonable effort.



EFFECTIVENESS

Doing the right things

Value for money is achieved when a balance between all three elements is delivered; relatively low costs, high performance and successful outcomes and impacts for our customers.



EQUITY

Doing things fairly

The quality of being fair, impartial and accessible in all decision making. Equity is the thread that runs right through our approach to VfM.



Our Principles

Our five VfM principles have been established to support and embed VfM. This is to ensure that the use of our resources fully supports our strategic priorities. Our customers have taken part in defining the five principles and what they mean in practice.



External Factors during 2021-2022

Coronavirus

The Coronavirus pandemic continued to impact the lives of our customers and colleagues throughout 2021/22. We adapted our approach in line with the changing guidelines issued by the Welsh Government, maintaining our service provision, despite the challenging circumstances. The impact of Coronavirus is reflected within the Value for Money Statement. Our main priority has remained the health, safety and wellbeing of our customers and colleagues.

Global Economic Turbulence

Brexit and the post COVID economic environment have brought about changes in the global economy with pressures felt across the UK. We have been closely monitoring fluctuations in cost and availability of food, fuel and building materials and are taking steps to ensure we minimise risk and provided ongoing value for money. We have

- Ensured a continued provision of PPE (Personal Protective Equipment) equipment to keep our colleagues safe,
- Set up an internal 'Food User Network' to support a strategic and more effective approach to managing food supply risks within Linc, including shortages and value for money when obtaining food supplies for our care services.
- Set up an internal 'Materials User Network' to support and co-ordinate effective management and oversight of construction materials supply in our contracts and the construction materials supply risk.

Our Delivery

Right Activities

Linc's Business Plan 21/22

The OneLinc Business Plan for 2021/22 featured 4 distinct priorities to help us achieve our purpose, 'creating the right environment for people to flourish'. These priorities set and guide the "right activities". Our Plan demonstrated our intent to modernise our business services and behaviours to meet the expectations of our customers, colleagues, and partners.



Active Engagement from a Broad Customer and Stakeholder Base

Over the past year, our customers have engaged with us in a range of ways helping us to shape and modernise our services around their needs.



Linc's Tenant and Resident Strategic group met with Linc more than six times over the year providing challenge to our rent setting plans, requesting we review the information we provide to customers and strengthening links with the Board.

The Tenant and Resident Group attended an 'Impact Session' with our Board to discuss how the Group can better influence decisions and services. Going forward, the group will receive copies of and challenge our key performance indicators, meet with the Board twice yearly and provide two monthly reports to Board on their activities.

We used feedback from our Branching Out Club (on-line customer group) to help us shape our Local Rent Affordability Policy.

We carried out a review of our customers' experiences of moving into a new home. 49 customers provided feedback.

97 customers completed a survey on how Linc can best support customers to sustain a tenancy.

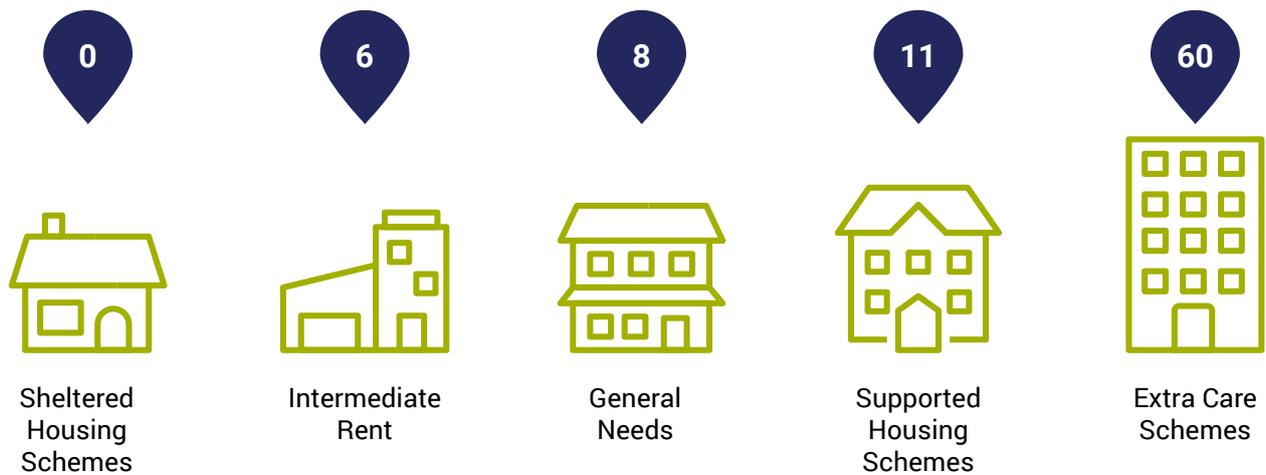
11 customers joined a Scrutiny Group to put forward their recommendations for improving the moving in experience and support to sustain a tenancy, with its recommendations being accepted.

Our customers told us how expensive it was to move home and that many people found it difficult to afford furniture, especially if they were moving from a furnished home. Our 'Restore Project' was set up involving a partnership of organisations which provide recycled furniture and 'start up packs' to customers and a 'Donate It' service. This project has a positive effect on the environment and saves our customers money too.

Right Assets

New Homes

Our target last year was to deliver 266 new homes. However, the ongoing global economic turbulence had a negative impact on some development companies which affected our development programme. We delivered 85 new homes and are on track to deliver the remaining properties within the first quarter of 2022.



Planned Component Replacement

We have a rolling programme renewing different components in our properties to ensure our customers have a comfortable place they can call their home.

Component	Target	Actual
Kitchens	246	211
Bathrooms	130	90
Windows	98	107
Doors	165	170
Boilers	142	166
Roofs	34	18

Repairs, Adaptations and WHQS Compliance

	2019/20	2020/21	2021/22
Number of Repairs	9,737	11,052	11,272
Average cost per repair	£205	£200	£190

During 2021/22 we carried out 11,272 repairs to our homes an increase from the previous two years and the average cost of each repair has reduced.

**We carried out
167 adaptations.**

In 2021/22, we claimed £1,232,892 in grant funding from the Welsh Government to enable adaptations to our customers' homes to assist them to live independently and safely.

Health and Safety Compliance



Gas Safety

99.83%



Electrical

99.44%



Legionella

99.51%



Fire

96.10%



Asbestos

99.83%

At the end of 2022, Linc was 100% compliant with WHQS including acceptable fails (16%)



Right People

IN A PULSE SURVEY IN JANUARY 2022
88% OF COLLEAGUES HAD A POSITIVE
EXPERIENCE OF WORKING AT **LINC**.
UP **5%** FROM THE **JUNE 2021** SURVEY

Our colleague turnover increased slightly during 21/22 but the overall trend shows a decrease from **31.8 %** to **23.67%** over the last four years which demonstrates cost savings.

Colleague Survey Results

Colleague Retention

In response to the national issue of increased colleague vacancies and turnover, we closely monitored our staffing position and put controls in place to ensure continued service delivery. We...

- **Reviewed and digitalised our recruitment process reducing time to hire.**
- **Rekindled connections with local colleges and universities to offer employment opportunities to students.**
- **Together with Cardiff University, we are trialling an internship programme.**
- **Increased flexibility of working contracts.**
- **Reviewed benefits and rates of pay for nurses in our Nursing Homes.**
- **Offered sponsorship programmes for overseas candidates for nurse roles and Senior Carer roles.**

Agile Working

We believe that flexible working not only contributes to our aim of creating an environment for people to flourish; it can also increase colleague retention, motivation, promote work-life balance, reduce employee stress, and improve performance and productivity.

We introduced an agile approach to working, enabling our colleagues to work in a more flexible way and from the most suitable location in order to better meet their requirements and those of our customers. Being able to work locally or from home, means less commuting so has a positive impact on the environment.

Being able to work in an agile way enables our colleagues to achieve a better work-life balance enhancing their health and wellbeing. We recognised, however, working away from the office could have the potential for social isolation, so we made sure we had plenty of desk space available for those who wanted to continue to work from the office.

Right Delivery

The number of complaints fell from **157** in 2020/21 to **105** in 2021/22.

We received **39 compliments** about our colleagues and services

Customer Satisfaction

We were delighted to see increased levels of satisfaction with our services in the majority of areas in this year's Customer Satisfaction Survey (STAR Survey). Overall satisfaction increased by 14% both for the services we provide and for the quality of the home. Satisfaction with the way we deal with anti-social behaviour rose by 36%. We will be carrying out research during 2022/23 to better understand reasons where satisfaction has not been met.

The table below shows the levels of satisfaction for 2021/22 compared to our last survey in 2019/20.

Question	Linc 2019/20	Linc 2021/22	Trend	Welsh Sector Benchmark
Service provided by landlord	76%	86%		81%
Rent provides value for money	87%	88%		80%
Service charge provides VFM	n/a	67%		65%
The way repairs and maintenance are dealt with	61%	75%		75%
Overall quality of your home	76%	88%		81%
Provided with a home that is safe and secure	n/a	91%	n/a	85%
Neighbourhood as a place to live	83%	88%		81%
The way anti-social behaviour is dealt with	59%	92%		65%
Listens to views and acts upon them	68%	61%		67%
I trust Linc	80%	85%		77%

Repairs Satisfaction

Our customers were reporting they were less satisfied with our repairs and maintenance service year on year. We reviewed our scope of service for repairs and used customer journeys, insight and data to make improvements.

This year, we were pleased to see the changes made resulted in our customer satisfaction increasing by 14% compared to last year. Going forward we will be ensuring our 'customer journey' is included in the specification for our repairs and maintenance related contracts when they are procured.



Average Days to let a Property

The days average days it took us to re-let a property has remained the same as last year at 43 days. There were a number of challenges letting properties during the covid pandemic, in particular in older persons accommodation.

Right Outcomes



Evictions

Evictions are treated as a last resort and would only be pursued when all other available interventions have been exhausted. Our income team worked with customers and partners to help maximize income to pay rent and arrears, supporting customers to bring in £52,000 in Discretionary Housing Payment (DHP).

We continue to work with local authorities and our RSL partners to ensure where possible, that no-one is evicted into homelessness.

During the last year our Neighbourhood Officers and Community Safety Teams worked with a number of families to assist them sustain their tenancies.

Ending of Tenancies

The number of customers choosing to end a tenancy for reasons within our control such as dissatisfaction with their property has decreased significantly over the past three years. We continue to review the reasons why customers leave us and use the insight gathered to help us to improve our services, neighbourhoods and homes.

Strive

Our in-house housing support team, known as 'Strive', provide support to our customers to sustain their tenancies. In 2021/22 Strive supported 155 customers.

Rent

We introduced a Local Rent Affordability Policy built upon consultation with our customers who fed back on how rents should be set and reviewed. The new policy has seen rents frozen for some.

88%

of our customers are satisfied
rent provides value for money.

67%

of our customers are satisfied their
service charge provides value for money.

Community Benefits

We are committed to maximising the community benefits achieved from our procurement activity, and we do this by including specific clauses in our contracts that relate to contributions to employability, skills building and community initiatives.

We carried out a range of social value and community benefit activities throughout the year and obtained some additional funding to support these activities. Below are some of the outcomes we have achieved/delivered in conjunction with our colleagues, customers, and partners.



£6,500 in fuel vouchers distributed	Furniture/medical equipment and refrigeration donated to NHS, HCT Charity and Community Centre and local churches.	3 Apprenticeship Places	ReStore Furniture Project Set Up
Community Pantries Project	£500 contractor goodwill payment for residents' activities/goods at Nursing Home	£100 donation for community regeneration initiative.	Abbeyfield Wales' office furniture donated to primary schools

Carbon Reduction Measures

We recognise our responsibility in meeting the ambitions of Welsh Government and keep the Wellbeing and Future Generations Act and its seven goals at the forefront of our minds as we shape our future ambitions and priorities. We have made pledges within the Welsh Government's All Wales Plan 2021 -2025 'Working Together to Reach Net Zero' and are in the process of training colleagues to become fully carbon literate.

As we build more affordable homes, we will extend our use of Modern Methods of Construction (MMC) and off-site manufacturing techniques to speed up construction and encourage the use of more sustainable construction materials. Going forward, we plan to enhance our work in this area, determine specific targets and measure our performance. In one of our schemes, we have undertaken a carbon calculation of the building which includes embodied carbon as well as operational carbon assessments and once the scheme is completed and reviewed, we are hoping to roll this out across all Linc developed schemes.

We have secured £2.3 million of Welsh Government Funding via the Optimised Retrofit Programme which is about improving homes and bringing them up to energy efficient standards, making them more comfortable to live in. Working with residents to ensure we do what is right for them, we will be improving 343 homes whilst at the same time stimulating the local economy. Work will include installing PV, new MHRV heating, internal and external wall insulation works, new roofing including loft insulation, windows, and boilers.

As part of the delivery of our Retrofit Programme, we will be conducting a test and learn study with Wood Knowledge Wales around greater use of sustainable Welsh timber within retrofit works. The learning from this will support Linc and the wider social housing sector to develop the approach to the use of sustainable local timber products.

Environmental Social Governance (ESG)

We have adopted a business wide approach to ESG and will be producing our first ESG Statement in 2022. We will be adopting the Sustainability Reporting Standard (SRS) for Social Housing to produce our Statement, which identifies a set of 12 themes aligned with the UN Sustainable Development Goals (SDG). Within our ESG Statement, we will report against each of the 48 criteria within these themes. Our first ESG Statement, will provide us with a baseline from which we will create a continuous improvement plan which is both achievable and aspirational.

Research and Innovation

This year, we strengthened our research and innovation profile, striking up partnerships with several academic bodies including the University of South Wales (USW) and The OU (Open University) Wales, increasing the impact of what we do across a wide range of communities. This will lead us into the future, satisfying a combination of our desire to continue to modernise and grow alongside providing great services that meet customer needs and aspirations for the future.

Community Pantries

We successfully secured funds of £31,900 from the Welsh Government to work in partnership with Baobab Bach CIC (Community Interest Company) and over 20 different partners to support them to continue to develop their community pantry initiatives across Bridgend. Pantries support residents who may be struggling to get weekly groceries, offering people the chance to buy food at reduced cost. Food is supplied by charity FareShare Cymru, which works to reduce waste by redistributing produce that would otherwise be sent to landfill, for example, as a result of supermarket packaging errors. The food is all fresh and within use by dates.

Project Funding

Customers living in Wellwood House, Independent Living in Newport were successful in an application for funding to build a green roofed pergola in their garden. They got together, with the support of a member of our Tenant and Resident Strategic Group who made a video of them applying for the project. They took part in a participatory budgeting project and were awarded £7,000.

Reviewing Our Areas of Focus

Our Value for Money Action Plan 21/22 set out our objectives and the outcomes we aimed to achieve. Below is an update on the progress we have made.

Action	Update
Review our approach to service charges.	We reviewed our processes and practices to ensure service charges are minimised where possible, are in line with good practice and legal requirements and meet customers' needs.
Review Rent Affordability.	We consulted our Tenant and Resident Strategic Group and used customer journeys, tenant and resident surveys and other measures to inform our Local Rent Affordability Policy. This resulted in some rents being frozen.
We can demonstrate the delivery of value for money and have a clear approach and framework to identifying costs efficiencies and the release of benefits.	We compare our VFM economy indicators over time and also our efficiency / satisfaction indicators and how these are connected and influence each other.
Procurement improvements are secured for the business. Procurement of new contracts achieve value for money and meet the requirements of a digital, customer centric Linc.	<p>We incorporated Linc's digital working and customer journey requirements in all new contracts that were procured in 2021/22.</p> <p>We established a Strategic Sourcing Plan to support efficient and effective programming and delivery of procurement activity and therefore ensure all future contracts incorporate core Linc requirements relating to customers and digital working.</p>
A modern customer portal is launched, and customers can easily view their rent account, pay the rent and report a repair with future capability released over time and delivering on the customer journey (book a repairs appointment, set up a direct debit, provide satisfaction feedback, update household details, view a property safety certificate)	We will be progressing this during 2022/23.
A new HR platform is in place and Cascade & Recruitive have been decommissioned. A digital rostering system is in operation within Care as is a new system for recording & monitoring accidents & incidents.	We selected a new HR, Payroll and rostering solution which will greatly simplify existing processes and remove the paper involved. The aim is to roll this out across the organisation by the end of 2022/23 financial year.
Customer demands are shifted from the phone to other channels, customer demands can increasingly be resolved at the first point of contact, preventable customer demands are eliminated through great service design.	We used 'customer journeys' to redesign our repairs service resulting in the number of customers calling us to find out about their repairs reducing from 10% in April 2021 to 1% in March 2022. We promoted several ways in which our customers could pay rent. This resulted in payments by phone reducing from 6% in April 2021 to 5% in March 2022.

<p>New Finance system is in place and OMNI Finance Modules have been decommissioned. There is increased visibility of financial reporting at multi-dimensional business levels, enhanced budget modelling & compilation, self-service for budget holders to review income & expenditure.</p>	<p>A new finance system went live in April 2022 we anticipate the benefits to start being realised during 2022/23 as this is further developed and embedded.</p>
<p>To identify those in need of support to sustain a tenancy, RAG systems in place, develop and implement poverty reduction plan, frontline officers operating in line with tenant profiles, training plan in place and delivered, rollout of PIE.</p>	<p>The Tenancy Sustainability Strategy has been revised. A full review of tenant profiling will be undertaken in 2022/23. Implementing a RAG system has been paused and will be reviewed once profiling information is complete.</p>
<p>Deliver 266 new affordable homes.</p>	<p>The economic environment proved challenging for some developers this year, and this affected our development programme. During the year, an additional 85 social housing homes came into management. An additional 142 units were transferred into Linc from Abbeyfield Wales on 1st March 2022.</p>
<p>Deliver the mobilisation plan and a smooth transition of Abbeyfield Wales Society into Linc.</p>	<p>Abbeyfield Wales Society merged with Linc in March 2022. The merger sees the transfer of 15 homes supporting providing 142 units for older residents, enabling and protecting continued provision of services and future investment and generating savings in relation to staffing costs and business premises.</p>
<p>Develop an Environmental Strategy.</p>	<p>Our Environmental Strategy 2021-24 was published and encompasses our aspirations and actions to achieve decarbonisation.</p>
<p>Revise and refresh how community benefits are embedded into contracts through the Themes, Outcomes and Measures (TOMS) framework</p>	<p>We will be progressing this during 2022/23.</p>

How We Compare

Linc monitors “doing things at the correct price” over time, whilst also benchmarking against sector indicators. Each year, the Welsh Government and Community Housing Cymru produce indicators from the financial statements of the largest 33 housing associations in Wales. We measure our performance against these indicators, known as the Social Housing Indicators.

Any bench marking must be taken with some caution and context since there can be some significant differences in the social housing organisations across Wales.

Total operating costs per unit includes service charge costs and as Linc are the largest provider of Extra Care in Wales it has a high proportion of service costs. These additional costs are offset by higher than sector average turnover per social housing unit which includes service charge cost recovery.

In general, due to the restrictions imposed in 2020 in relation to the pandemic the indicators based on cost rose in 2021 compared to 2020. This is most evident on repair related costs due to the repair volumes being reduced in 2020.

The weighted average cost of capital is the rate of interest paid on borrowing. This can be used as a broad indicator of treasury efficiency. However, Linc's value for money in treasury takes a more strategic and long-term approach by blending long term loan rates with shorter term and revolving credit facilities allowing Linc to balance its borrowing and smooth cash flows whilst ensuring money is in place to fund the development programme. During 2021/22 Linc made an early repayment on one facility and incurred an interest breakage cost. This additional cost was offset in the year by interest savings and the repayment freed up property loan security to allow a larger facility to be put in place in 2022.

Social Housing Indicator	2019/20 Linc	2020/21 Linc	2021/22 Linc	Linc Trend	Welsh Sector Average 2021
Total Operating Costs per Social Housing Unit	£4,253	£4,180	£4,685	↑	£3,148
Management costs per Social Housing Unit	£1,253	£1,446	£1,335	↓	£1,308
Reactive repair costs per Social Housing Unit	£1,228	£1,144	£1,169	↑	£1,138
Major repairs and component costs per Social Housing Unit (capital)	£715	£379	£527	↑	£681
Major repairs and component costs per Social Housing Unit (capital and revenue expenditure)	£838	£463	£784	↑	£961
Bad debts per Social Housing Unit	£0	£1	£0	↓	£28
Weighted average cost of capital	3.71%	3.38%	3.45%	↑	4.7%
Free cashflow £	£6	£1,592	£407	↓	£787
Gross arrears / Social Housing turnover	3.97%	3.80%	4.6%	↑	4.9%
Turnover per Social Housing Unit	£6,505	£6,646	£6,713	↑	£5,737
Rental void loss per Social Housing Unit	£74	£137	£147	↑	£96

Looking Forward

We will continue to develop and refine operational delivery plans to maximise our achievements against our targets in the context of the increasingly uncertain and challenging external operating environment.

Our Value For Money Strategy will be reviewed and approved by the Board to ensure it is aligned to our business plan and strategic corporate objectives and we will report on our progress in internal and external publications including our Annual Vfm Statement.

Our Areas of Focus for 2022-23

We have identified the following five areas of focus for 2022/23 .

- **We will continue to develop and maintain an inclusive culture that attracts and retains talented colleagues.**
- **We will secure additional financing to fund our property development ambitions delivering new homes for our communities.**
- **We will implement a new housing management system and secure improved business efficiency and increase customer satisfaction.**
- **We will construct 200 new homes.**
- **We will digitise our care service systems improving compliance and allowing care staff to spend more time with residents.**





We would love to hear from you. Your feedback helps us to improve services for our tenants and residents, and make a difference in our local communities.

Get in touch by emailing us at contactcentre@linc-cymru.co.uk or by calling us on 0800 072 0966/0737410024. You can also contact us through our Facebook page @LincCymruHA or via our Twitter account @Linc_Cymru.

Or you can write to us at Linc Cymru Housing Association, 387 Newport Road, Cardiff CF24 1GG.

