

Trident Group

Value For Money

Self Assessment
2017/18



VALUE FOR MONEY (VFM)

OVERVIEW

Value for Money is integral to Trident's strategic approach; this is both explicit in our stated objectives and also implicit in the targets that drive improvement in the efficiency and effectiveness of our services.

Trident operates under the mantra 'Every Pound Counts'. Many of our residents and customers have complex needs and vulnerabilities, meaning that due to the additional investment this requires in services we are unlikely to be the cheapest when compared with our peers. We therefore aim to derive the most value out of every pound spent, balancing costs against the diverse requirements of our customer-base, whilst still aiming for at least sector median in terms of cost-performance.

Our Strategic aims and objectives, as well as the Key Performance Indicators and Business Finances that drive and support attainment of them, are found in our Strategic Plan.

The Strategic Plan covers a five year period starting in 2017/18, and although our aims and objectives remain consistent through this period our activities and targets are fully reviewed and revised annually to ensure we are driving performance improvement at the right pace.

GOVERNANCE: HOW WE MANAGE AND MONITOR VFM

Our strategic objectives are set and agreed by the Board, as are Trident's performance targets. The targets are reviewed and revised annually, based on analysis of the organisations performance, as well as comparison with peers. In October 2017, at a Board away day it was agreed key performance targets in essential operating areas would be brought forward from 5 years to two years in order to bring Trident in line with median performance over a shorter period. This has set the Group ambitious but achievable targets.

All strategic objectives are monitored through a set of linked KPIs reported to Senior Management Team on a monthly basis and to the Group Board on a quarterly basis. In addition to this the management accounts, supported by a clear finance report analysing the accounts are reported on the same frequency, analysing any variance from agreed cost-improvement targets.

PERFORMANCE IN 2017/18

As stated Trident monitors performance through review of Key Performance Indicators, with targets set to achieve or exceed sector median performance where possible; a number of these KPIs relate directly to VFM and are set out overleaf.

In addition to monitoring KPIs Trident participates in wider sector benchmarking through Housemark, undertaking an annual appraisal of costs and performance, as well as quarterly benchmarking on key performance areas. The results of this benchmarking for 17/18 will be published in the annual report, however our performance in the key VFM metrics have been benchmarked against the latest available housemark benchmarking in the table overleaf, and for our costs benchmarking against the latest Global Accounts for the sector has been completed.

VALUE FOR MONEY PERFORMANCE METRICS

Group Performance			
VFM Performance Metrics	2017/18 performance	2016/17 performance	2018/19 Forecast/target
Operating margin	16.22%	16.25%	17.26%
Reinvestment	3.67%	0.87%	2.41%
Interest Cover - EBITDA (MRI)	240.30%	212.94%	227.67%
Units developed (absolute)	13	4	50
New Supply Delivered	0.45%	0.14%	1.63%
Gearing	40.61%	41.57%	39.45%
Return on capital employed (ROCE)	3.33%	3.39%	3.63%
Headline Social Housing Cost	4630	4710	3712

Housing Association Only		2017 Benchmark (Housemark)			
VFM Performance Metrics	2017/18 performance	2016/17 performance	Sector Upper quartile	Sector median	Sector lower quartile
Operating margin	26.55%	27.80%	34.15%	28.60%	23.58%
Reinvestment	3.67%	0.87%	*	*	*
Interest Cover - EBITDA (MRI)	222.24%	198.92%	297.68%	201.20%	158.10%
Units developed (absolute)	13	4	151.2	70.5	23.75
New Supply Delivered	0.45%	0.14%	2.18%	1.29%	0.53%
Gearing	40.94%	42.39%	38.29%	46.83%	61.08%
Return on capital employed (ROCE)	3.11%	3.29%	5.82%	4.20%	3.12%
Headline Social Housing Cost	4530	4587	4330	3300	2930

*No benchmark currently available

COSTS PER UNIT

	Social housing CPU (£k)	Management CPU (£k)	Service charge CPU (£k)	Maintenance CPU (£k)	Major repairs CPU (£k)	Other social housing costs CPU (£k)
Trident Housing Data						
2017/18	4.63	0.76	1.39	1.02	0.34	1.13
2016/17	4.71	0.75	1.38	1.02	0.45	1.1
Whole Sector Data						
Upper Quartile	4.33	1.15	0.6	1.11	0.96	0.51
Median	3.3	0.94	0.37	0.93	0.68	0.24
Mean CPU	3.7	0.94	0.55	0.99	0.75	0.47
Lower Quartile	2.93	0.74	0.24	0.78	0.49	0.1

It is important to note the differences in key areas, for example operating margin, that are accountable to our Group's commitment to providing care and support services integrated with our housing services. Care and support contracts, primarily funded by Local Authorities, have significantly lower operating margins and this affects our Group Performance. When viewed at Housing Association level Trident performs close to sector median.

These additional costs, attributable to the nature of our organisation, are evident in the Cost Per Unit regression. Trident carries a significantly higher than average level of cost within our service charges, and our other social housing cost. Trident employs additional staff specifically for the housing management of our supported schemes, and this, alongside costs created through flatted accommodation (door entry systems, lifts, laundry) result in deviation from the sector in terms of cost.

Trident's development programme is a cyclical one; in order to develop sustainably from a financial and management perspective Trident do not undertake significant development programmes each year. By September 2018 Trident will have completed an additional 50 units, which as a percentage of stock owned will bring us above sector median for delivery, but the prior two years where the development has been planned and started, will see us performing below sector averages. During the years when Trident is not undertaking major developments the focus is on reconfiguration or small-scale development to maximise the use of our assets.

This is a strategic decision to ensure Trident retains a robust financial position, but effectively uses its existing assets and resources to make a meaningful contribution to addressing the housing shortage.

**Employs over 800
people**

**Works with 13
Local Authorities**

**Supports 6,000
customers each year**

**Group Turnover
£33m**

**Supports care contracts
worth over £13.5m**



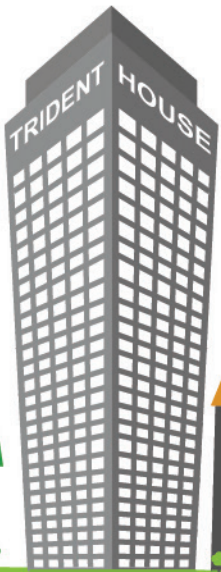
**Owns and manages
3424 homes**

**Invested £36.3m to
create 341 new homes
in five years**

**An average of 9000
responsive repairs
carried out each year**

**Spending £6m over 5
years on capital repairs**

**An average of 1200 lets
carried out each year**



Trident Group - At A Glance



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