

HouseMark^{HM} Scotland

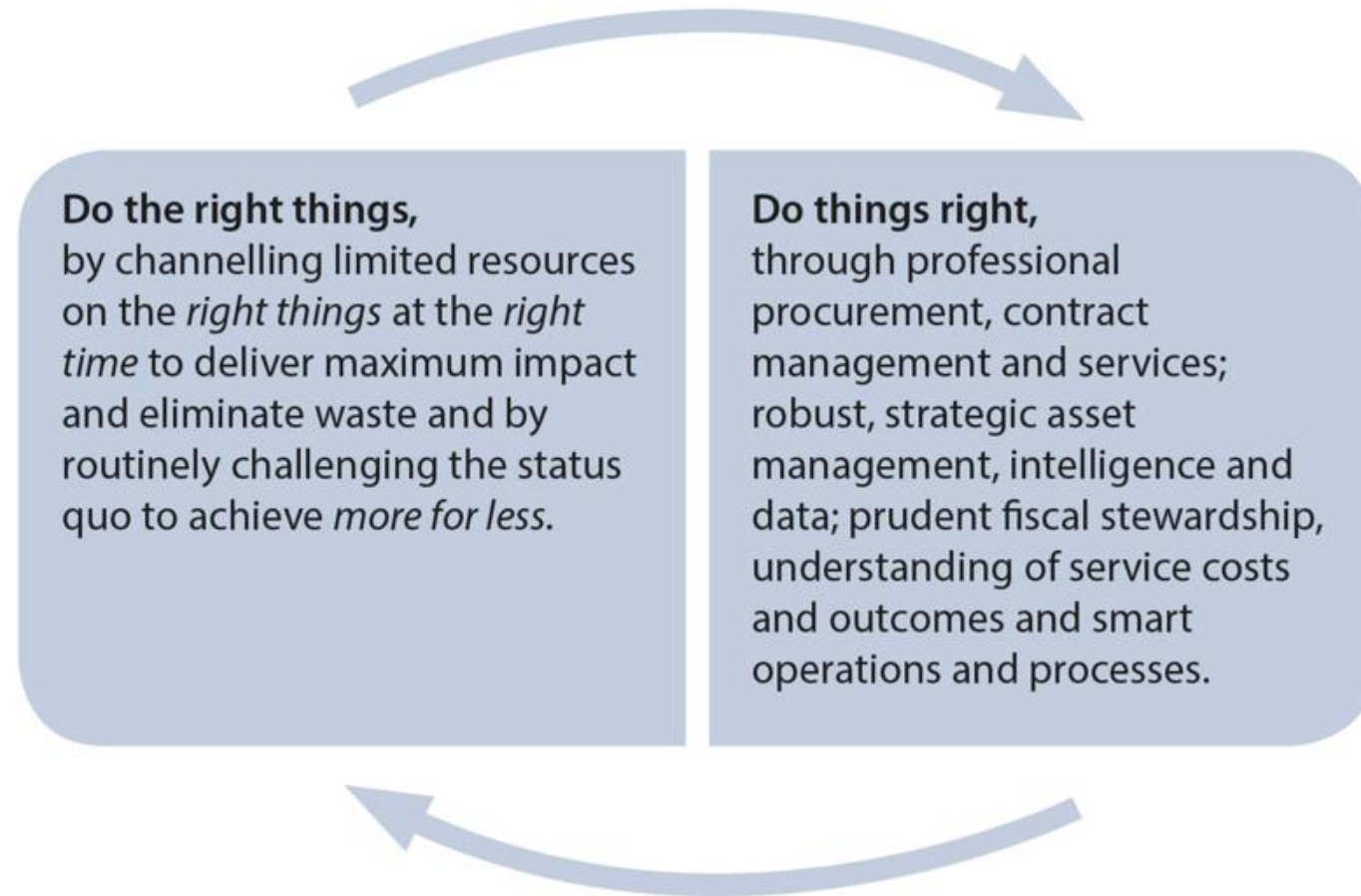
Value for Money and the Sector Scorecard

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VFM is good business sense





Scotland Sector Scorecard

About the Sector Scorecard

- The Sector Scorecard is an initiative to benchmark housing associations' performance and check they are providing value for money
- There are 15 high level measures covering a wide range of housing association activities
- It started with a pilot in 2017 and has continued into 2018 and 2019
- Housing associations from all over the UK take part in the exercise
- Initiative led in Scotland by the 'Haymarket Group'

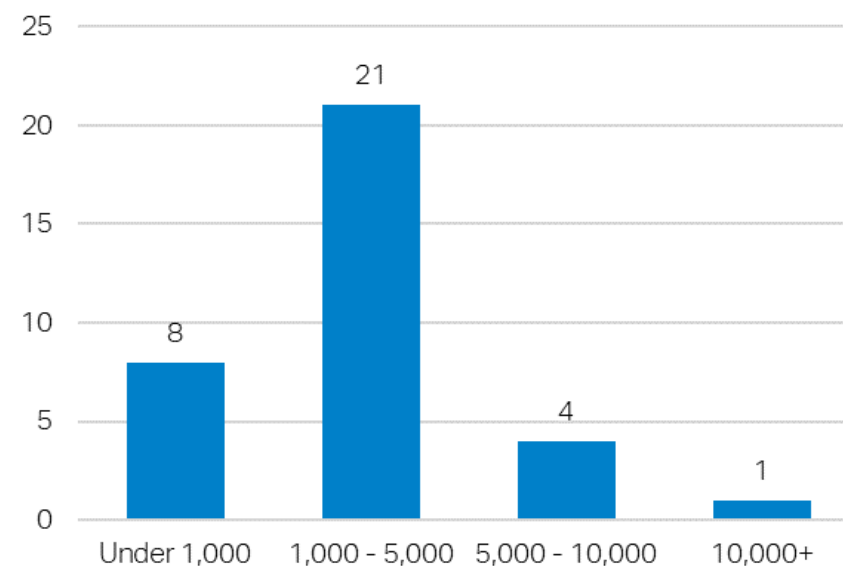


Scotland Sector Scorecard

Participation

- 34 organisations from Scotland participated in the Sector Scorecard this year
- Like the rest of the UK, most participants in Scotland are traditional providers
- Compared to England there are fewer very large housing associations taking part in the Sector Scorecard in Scotland
- Half of Scottish HAs have some SH and 3 are in the top 10% of supported housing stock across the UK

Participants by stock size



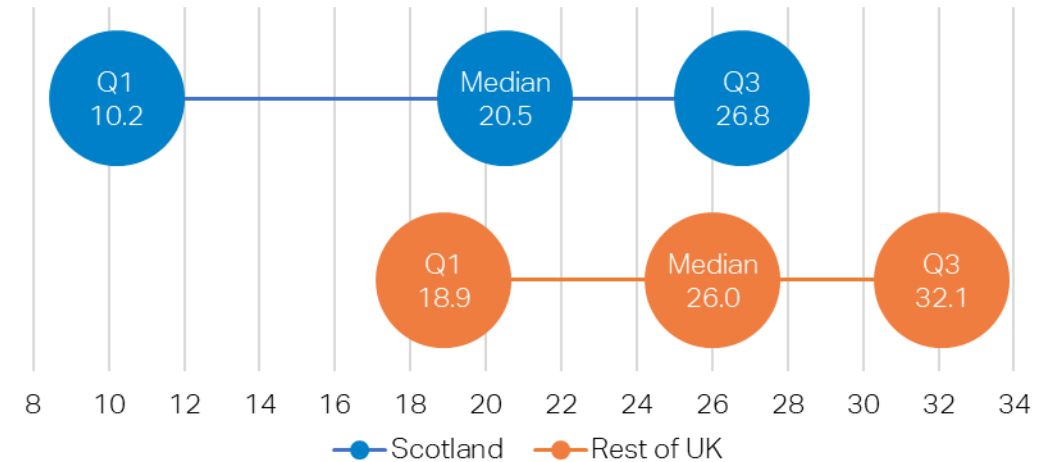


Scotland Sector Scorecard

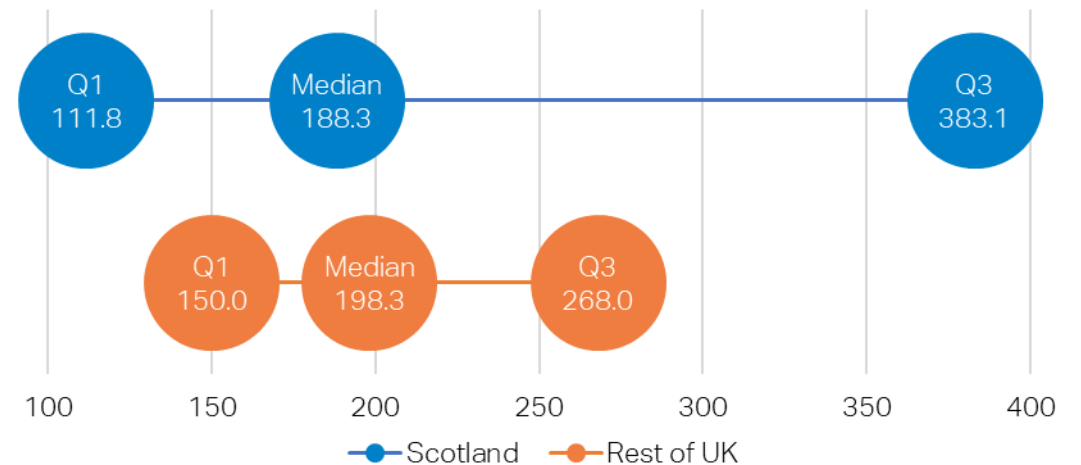
Business Health

- Operating margins are lowest in Scotland than any other UK country but that gap has narrowed over the past year
- Social housing lettings operating margins reduced in Scotland since last year but are still 4.6ppts lower than across the rest of the UK
- At the median point, Scottish organisations earnings are just under double their interest payments – this is similar to the rest of the UK
- A greater proportion of Scottish organisations reported having outlying EBITDA (MRI) values

Operating margin (%)



EBITDA (MRI) (%)



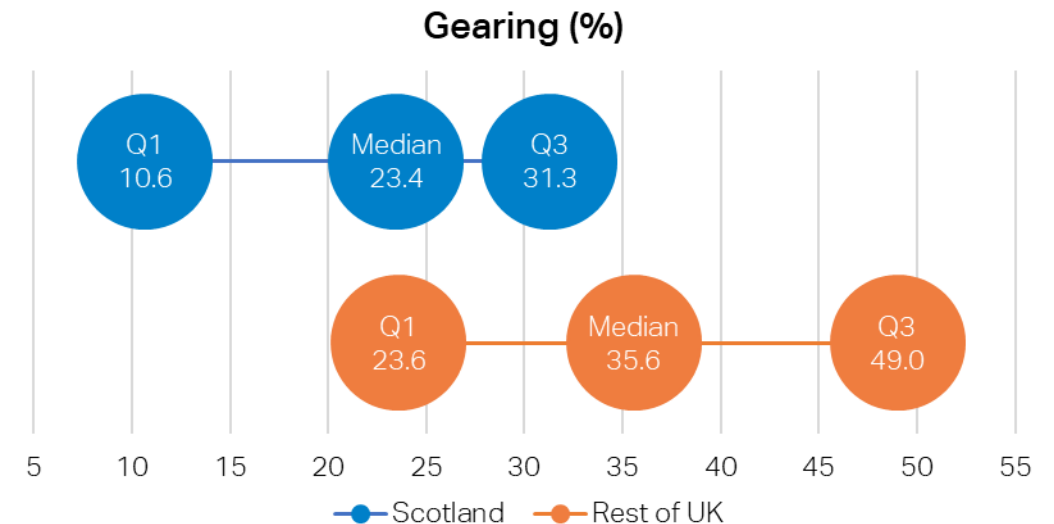


Scotland Sector Scorecard

Development

- 60% of participants contributed to new social supply in Scotland this year
- Non-social development is minimal in Scotland reflecting the trends seen across the UK
- Gearing is comparatively low in Scotland and only one in ten reported a gearing ratio above the UK median
- Low gearing in Scotland is likely to be driven by lower borrowing and/or higher levels of cash and cash equivalents

Country	Tenure	Developing organisations	New supply as a % of units (median)
UK wide	Social	74.5%	1.6%
	Non-social	22.2%	0.3%
Scotland	Social	59.4%	1.6%
	Non-social	6.3%	N/A



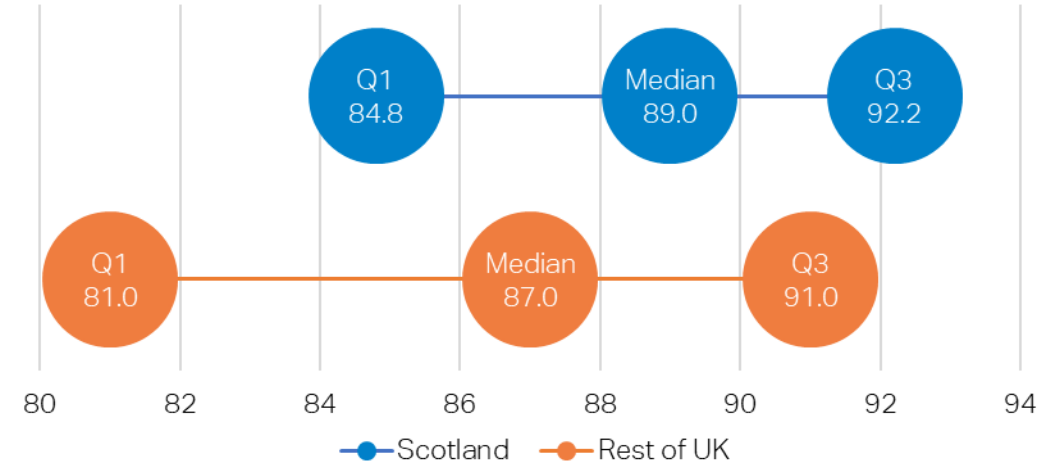


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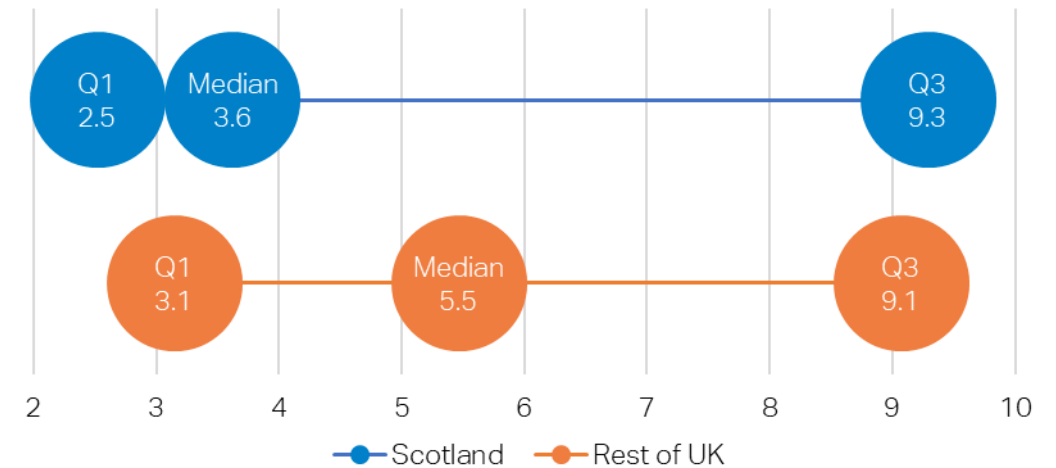
Outcomes delivered

- Satisfaction in Scotland remains the highest in the UK at 89% but the gap is narrowing
- Reinvestment is comparatively low in Scotland at 3.6% - 1.9 ppts lower than the rest of the UK
- The size of a development programme influences the reinvestment figure which may explain lower reinvestment in Scotland
- 10 participants invested a total of £9m into Scottish communities in 2018/19 equivalent to £111 per unit

Satisfaction with the service provided (%)



Reinvestment (%)

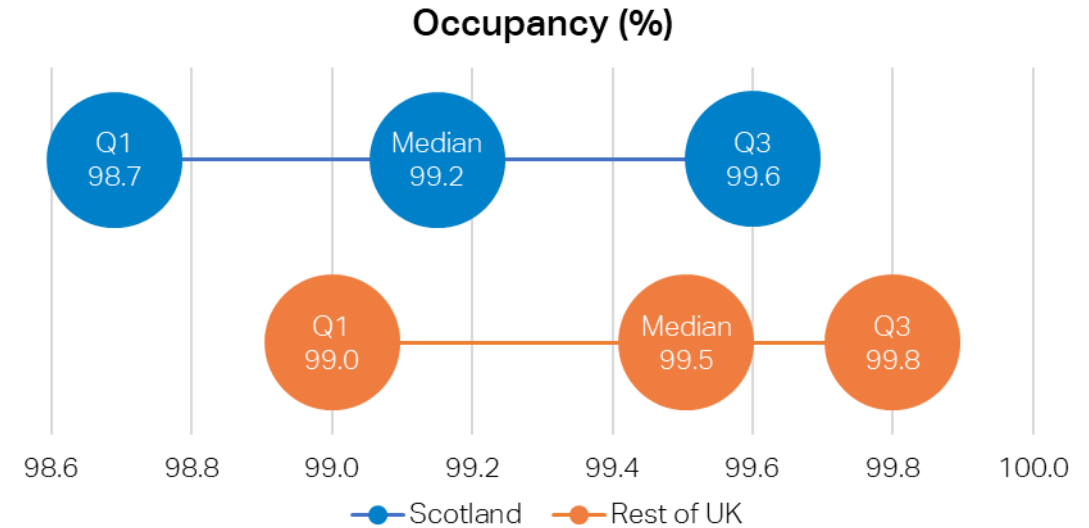




Scotland Sector Scorecard

Effective asset management

- Occupancy rates in Scotland are lower than most English regions but higher than the NE of England and NI
- At the median point, Scottish participants reported a return of 2.2% on their capital employed – 1.1 ppts less than the rest of the UK
- ROCE in Scotland is most similar to NI, most likely due to lower rent levels bringing in a smaller return
- Scottish participants are spending more on planned maintenance than responsive repairs compared to the rest of the UK



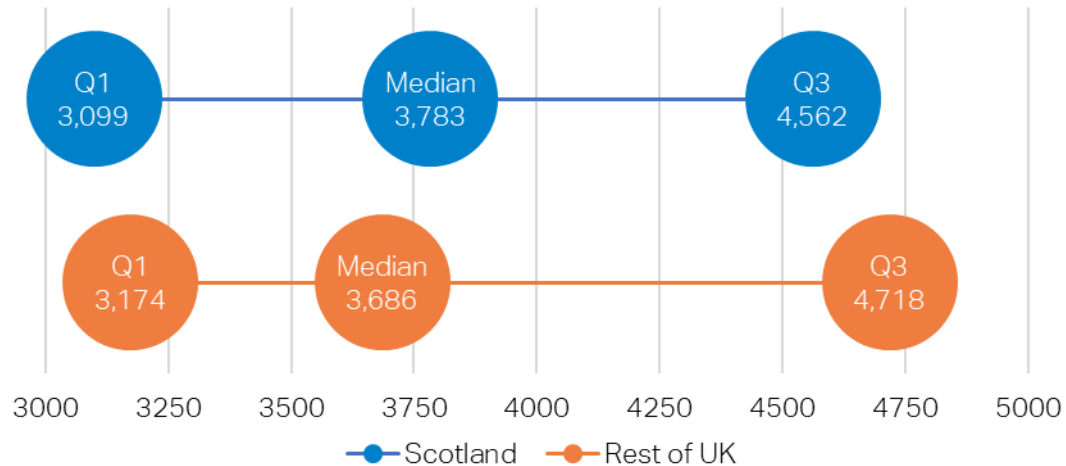


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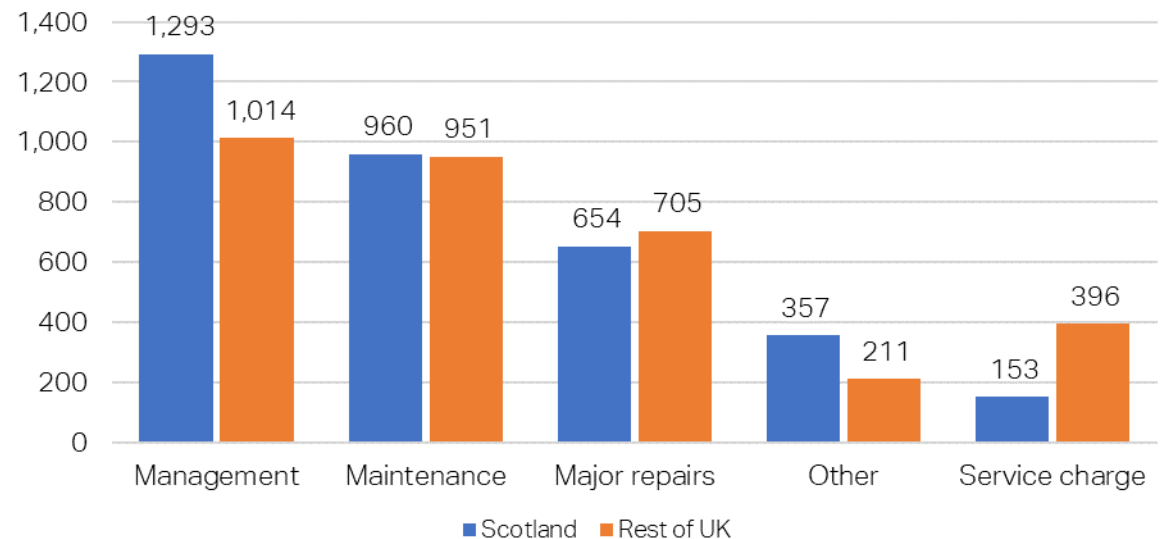
Operating efficiencies

- Scottish organisations are spending £3,783 each year managing and maintaining each social housing property – more than in Northern Ireland and the majority of England
- Management of social housing is the biggest area of expenditure for half of Scottish HAs where the median spend is £279 greater than the rest of the UK

Headline social housing cost per unit (£)



Median cost per unit (£)

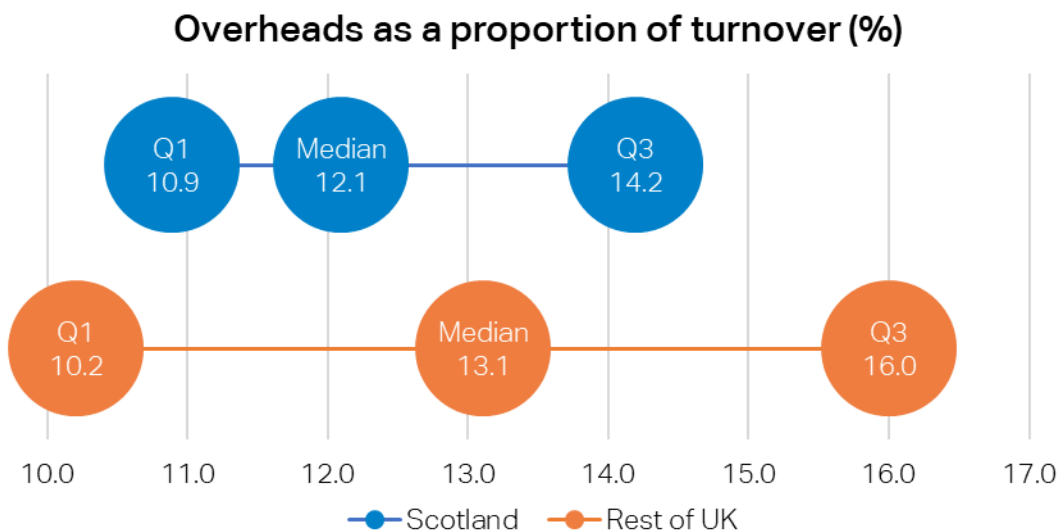
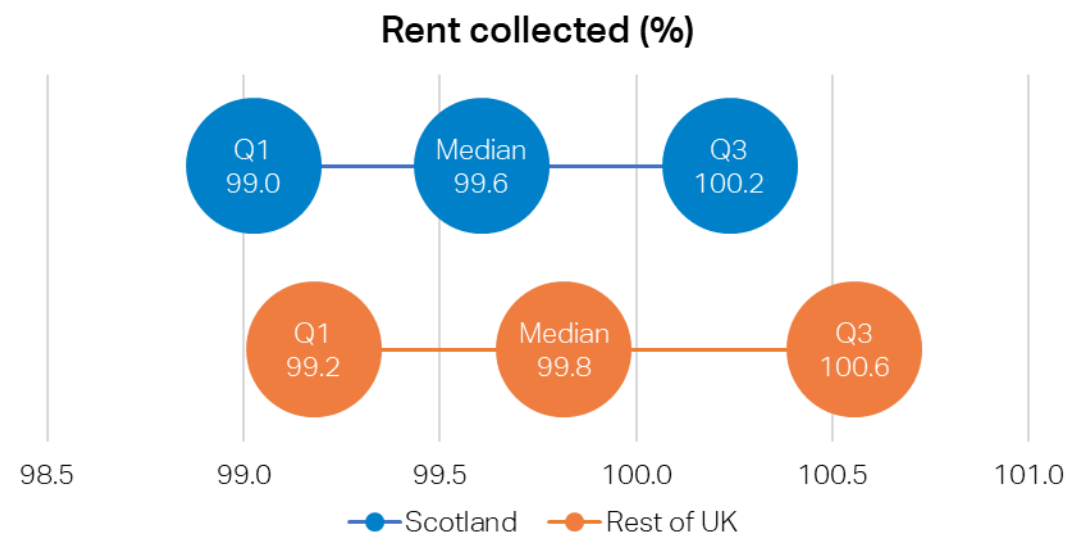




Scotland Sector Scorecard

Operating efficiencies

- Rent collection rates are marginally lower at every quartile point in Scotland than across the rest of the UK
- One third of Scottish participants reported a rent collection rate greater than 100%
- Around 12% of Scottish landlords' turnover is spent on overheads – 1 ppt less than across the rest of the UK
- Overheads in Scotland have remained stable while organisations in other UK countries have recorded increases



Thank you

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