

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2025 (continued)

Value for money

Introduction from the Chair of the Board and Managing Director of Housing

At Pine Court Housing Association Limited (PCHA), Value for Money (VFM) sits very much at the heart of our activities, to ensure we continue to deliver quality and efficient services to the communities we serve. We are a leading provider of specialist housing services to customers from ethnic minority backgrounds and create value for our customers, primarily to the Chinese and South-East Asian communities across the Liverpool City Region.

Since joining the Sovini group we have developed and deployed a robust and challenging approach to the pursuit of VFM, with £7.3m in total of efficiency savings realised at 31 March 2025 (£6.9m during 2024/25). This is in addition to the broader society outcomes achieved through our financial inclusion, employment and community development activities.

During 2024/25 the annual rent increase was in line with government policy of CPI plus 1.0%. The current operating environment has placed an even greater focus on achieving efficiencies and savings generation, whilst ensuring no adverse impact to customers, services provided and achieving our objectives. The government policy of CPI plus 1.0% has been confirmed for the 2025/26 annual rent increase and the new rent settlement incorporated into our 30-year business plan.

Despite the pressures and challenges that we face as a housing provider, there are some areas that we will absolutely refuse to compromise on, including our approach to all aspects of building safety, compliance, retrofitting our homes to improve energy efficiency, net zero carbon improvements and continuing to provide new housing opportunities through our development programme, all whilst achieving VFM.

We ensure that, through our strategic approach to VFM planning and the reporting of VFM achievements, PCHA is compliant and will continue to be compliant with the Regulator of Social Housing's (RSH) VFM Standard.

What is VFM at Pine Court Housing Association?

PCHA endorses the Sovini group VFM Strategy, which incorporates seven objectives. Performance measures are aligned to these objectives and reviewed monthly.



Due to our clear strategic approach to VFM planning and transparency in reporting VFM to key internal and external stakeholders, we are assured that PCHA is compliant with the VFM standard.

The aims of PCHA provide clear strategic direction for the organisation to achieve its goals.

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What is our Vision, Mission and Values?

Our Vision: A better future

Our Mission: Creating opportunities, changing lives

Our Values:

- **Success** – we will be the best
- **Passion** – we love what we do
- **Authenticity** – we do what we say we will do
- **Courage** – we dare to be different
- **Enterprise** – we never stand still

The Sovini group's VFM objectives are linked to delivering PCHA's overall strategic aims:

- Delivering specialist housing services
- Delivering strong performance and financial viability
- Continued development and growth
- Seeking new and improved partnership opportunities

PCHA delivers services efficiently and effectively, and this is monitored through our Performance Management Framework which outlines how we review performance, costs and outcomes for our customers. We continue to regularly review our risk appetite and undertake single-variable, multi-variable, and destruction stress testing on our Business Plan and its underlying assumptions. We use our Risk Management Framework (RMF) to assess and, where possible, mitigate any risks that arise or are anticipated.

Our Board

The board have a strong emphasis and understanding of VFM. Through the business planning process they establish a budget and through regular review and scrutiny throughout the year, they assess the quality of service and the performance against budget. The board consider and make business decisions with VFM in mind, with a full understanding of how this contributes to the achievement of the strategic aims of PCHA.

Our vision of 'a better future' is delivered through sustainable neighbourhoods, supported by quality services which meet the needs of our customers. The board regularly receive business intelligence and assurance, which allows them to understand and deliver these needs, ensuring that sustainability is maximised where possible and that they can respond (as necessary) to changes in a timely and effective way.☐

The 2024/25 base budget set more stretching financial performance targets than the approved business plan. This has been developed using zero-based budgeting to ensure that our core operating costs are affordable and to determine what additional resources are available for growth and service improvement priorities as identified in our service delivery plans.

The VFM Strategy (2025-30) was approved by the Sovini Board in July 2025. A six monthly update is provided to RAC detailing progress in achieving the Strategy.

VFM is integral to operations, and acts as the golden thread to ensure we achieve our Strategic Objectives.

VFM Objective One – Maximising Social Value

PCHA measures its impact on society and the social value (SV) it has generated via the Housing Association Charitable Trust (HACT social value calculator). This information is reported to board in detail and certified on an annual basis.

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VFM Objective One – Maximising Social Value (continued)

PCHA continues to collaborate closely with HACT to ensure that social value outcomes are accurately captured and reported in accordance with established HACT methodologies. In May 2024, HACT launched the new Built Environment Bank, which places greater emphasis on supply chain engagement and community development. As a result, the majority of PCHA's social value outputs are now recorded within this new framework, rather than under the UK Social Value Bank previously used.

In parallel, Social Value Champions across the Sovini group remain actively engaged in capturing and reporting social value contributions. During Quarter Four of 2024/25, internal reporting processes were further enhanced, embedded, and refined to maximise the effectiveness and visibility of social value outcomes.

The HACT certification confirms that in 2024/25 PCHA has generated Actual and Total Social Value Activity of £558,065 (Social Return on Investment (SROI): £1:14).

Actual Social Value Activity (based on calculations using the required evidence as outlined in the HACT methodologies):

Project name	Cost (£)	Total SV (£)	SROI
Chinese National Day Event	100	187	2
Chinese Seaman Blue Plaque	100	187	2
Liverpool Chinese Football Association Tournament	500	936	2
Chinese New Year Event Celebrations	1,300	2,433	2
Pagoda Arts Community Support	500	50,469	101
Chung Hok House Resident Activities	1,000	144,666	145
PCHA Clear Rent Accounts	16,500	151,107	9
PCHA Decoration Paint Packs	1,111	119,983	108
Apprentices	-	23,928	-
Employee Training (PCHA and Subsidiaries of PCHA)	250	28,453	114
Letting Properties To Those In Temporary Accommodation	4,611	15,996	3
Christmas Pallet - The Florence Institute	475	959	2
Customer Empowerment Panel	10,000	17,802	2
Christmas Pallet - Joseph Lappin Partnership	475	959	2
Total	39,922	558,065	14

VFM Objective Two – Best Use of Our Assets and Resources

PCHA has developed a sustainability index to inform future asset management priorities and decisions. This enables us to routinely assess the long-term viability of our assets, particularly where exceptional repair expenditure or emerging neighbourhood management issues may call the sustainability of the asset into question. An appraisal is carried out that combines both financial and non-financial information on a range of options including; retention, demolition and disposal. ☐

The appraisal includes:

- A 30-year Net Present Value (NPV) and discounted payback period assessment;
- Performance information (e.g. void turnover, rent arrears); and
- Feedback from asset management and housing staff and other front-line officers.

PCHA has developed a Sustainability Index (SI) framework to provide clear strategic direction and a robust methodology for assessing the performance of its housing stock. This framework continues to be refined and enhanced to support the evaluation and monitoring of long-term asset viability, primarily through the calculation of 30-year net present value (NPV) projections for income and expenditure. The insights generated from this approach inform property options appraisals and guide future investment decisions. The framework now underpins the organisation's asset management strategy.

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VFM Objective Two – Best Use of Our Assets and Resources (continued)

The Asset Management Strategy, covering the period 2025–2030, was last reviewed and approved by the PCHA Board in March 2025. It outlines all aspects of asset management service delivery and governance, including stock condition, responsive repairs, maintenance, planned improvements, and property compliance/landlord health and safety.

The strategy sets out our approach to maximising the long-term sustainability of the housing stock, with a particular focus on the financial and social returns generated now and in the future. The Sustainability Index (SI), is fundamental to active asset management, as it enables financial evaluation of the housing stock at the individual property level. It allows us to monitor the long-term performance of each home by establishing a 30-year net present value (NPV) of income and expenditure.

This process of information based appraisal and review is key to understanding our stock base and making sure it is sustainable over the next 30 years. The sustainability index has been fully reviewed throughout 2024/25 by officers, and an independent audit has been completed by Savills. No significant deficiencies were identified, and all recommendations have been considered and where appropriate implemented. Ongoing analysis and assessment of the process will remain as standard practice, supported by a dedicated working party that feeds directly into our Asset Management Steering Group.

PCHA has sought to maximise stock occupancy during 2024/25, with void loss (routine and long term) recorded at 0.07% (£2,386). The reletting of void properties was completed in an average of 2.9 days (top quartile performance).

PCHA continues to maximise its income and manage its resources effectively through improved operational performance and proactive budget management throughout the year. A continued focus on income generation, supported by arrears prevention and tenancy sustainability, remains a key priority. Rent collection performance was 100.58% at March 2025 and this was 0.23% higher than the year-end target. This compares to 100.67% at March 2024. The business plan prudently assumed 98.75% (allowing for 1.25% bad debts). A rent collection target of 100% has been set by the Board for 2025/26, reinforcing the commitment to strong income management and reduced arrears.

Our Savings

An annual budget is approved within the context of a 30-year business plan. Performance is tracked and monitored throughout the year against both the budget and the business plan to quantify additional financial capacity and identify any adverse financial impacts.

At year-end, an Annual Efficiency Statement (AES) is produced to quantify the financial capacity created through the out-performance of key targets and assumptions. The table below summarises the service areas where improved performance occurred, the additional financial capacity created, and the methods by which it was achieved.

Performance indicator	How achieved	Cash releasing £'000	Non cash £'000	Total AES £'000
Rent and service charge income	Efficiencies are generated in relation to our year rent collection rate of 100.58% and our 0.07% void cost, which outperformed business plan capacity.	73	-	73
Management costs	Reflecting lower utility costs than forecast and other overhead management savings.	70	-	70
Asset management programme	Reflects lower volumes and lower job costs for responsive repairs alongside lower investment spend.	175	-	175
Other activities	Savings generated on release of funds held for customer support provisions through active tenancy management and increased interest receivable.	7	-	7
Total 2024/25 AES gains	All activities	325	-	325

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Our Savings (continued)

In 2024/25, £325k of additional financial capacity was generated by collecting more income, re-procuring major contracts to obtain better rates and minimise overhead/management cost increases in a time of economic uncertainty, lower net interest through active treasury management and hardship fund savings through active tenancy management and support. There were no grant receipts in the current year.

This additional financial capacity strengthens our ability to enhance service delivery and support the development of new homes. These resources are expected to contribute to improving the return on assets and may be utilised in alignment with our planned sustainable development programme.

The VFM Tracker records financial savings, non-financial savings (including efficiencies) and cost avoidances that are not projected and not included in the compliance statement. We continue to embed the culture for colleagues across the group to report back financial and non-financial savings that are not expected, including successful funding opportunities, negotiation savings, environmental upskilling of staff and other efficiency gains. In May 2025, the Risk and Audit Committee were advised a total of £278,355 spend saved and a total of £99,309 costs avoided across the group that will positively impact PCHA and other parts of the wider group as a whole.

VFM Objective Three – Customer Voice

PCHA is not required to carry out an annual TSM Survey as an RP with less than 1,000 units, however the survey is completed on a bi-annual basis. The next PCHA TSM Survey update will be reported in 2025/26. However PCHA Overall Satisfaction (Transactional Surveys) at year end report satisfaction of as 99.3% against a target of 95.0%. This is ahead of target and remains top quartile.

Question	2023/24	Target	Trend	TOP quartile
How satisfied are you with the service provided by Pine Court?	90.10%	85.00%	↓	85.00%
How satisfied are you with the overall repairs service from Pine Court over the last 12 months?	91.50%	84.90%	↑	91.50%
How satisfied are you with the time taken to complete your most recent repair after you reported it?	93.30%	80.20%	↑	87.00%
How satisfied are you that Pine Court provides a home that is maintained?	92.40%	76.60%	↓	92.40%
Thinking about the condition of the property or building you live in how satisfied are you that Pine Court provides a home that is safe?	91.60%	87.30%	↓	91.60%
How satisfied are you that Pine Court listens to your views and acts upon them?	81.90%	72.30%	↓	81.90%
How satisfied are you that Pine Court keeps you informed about things which matter to you?	87.60%	81.40%	↑	87.60%
To what extent do you agree or disagree with the following: Pine Court treats me fairly with respect?	91.60%	85.20%	↑	91.00%
How satisfied are you with Pine Court's approach to complaint handling?	62.50%	61.30%	↑	42.00%
How satisfied are you that Pine Court keeps communal areas clean and well maintained?	86.50%	75.30%	↓	83.30%
How satisfied are you that Pine Court makes a positive contribution to your neighbourhood?	87.80%	75.30%	↑	79.70%
How satisfied are you with Pine Court's approach to handling anti-social behaviour?	82.00%	64.80%	↑	82.00%

The Customer Empowerment Panel works closely with our involved customers to analyse performance across the measures and will put action plans in place, where possible, to address any areas they identify for improvement or where there are differentials in satisfaction for particular groups. This has required a concerted effort to ensure our large number of customers who do not speak English as a first language have been able to complete surveys when they have been randomly selected.

Our established team provides continuity of service to our customer base, including translation services in Mandarin, Cantonese, Shanghainese, Hakka and regional dialect Chichau, but we will continue to keep our staffing levels under review as our stock numbers grow and our housing offer diversifies.

In line with the ethos of the revised Consumer Standards and as part of our succession planning, we will review our Board membership and ensure we have a conduit of influence, accountability and transparency between the Board and our Customer Empowerment Panel.

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VFM Objective Four – Governance, Risk and Compliance

The Customer Empowerment Panel analyses our performance across the TSMs and monitors robust action plans to address any areas of improvement or where there are differentials in satisfaction for particular groups.

The Board have reviewed a self-assessment of compliance with the regulatory standards, ahead of certifying compliance in the 2024/25 financial statements. Evidence compiled during 2024/25 indicates that compliance with the regulatory standards (including with the 2018 VFM standard) is being maintained. 

We have a strong and effective Board structure, our members are focussed on strategic objectives and risk management. Our Board regularly review our risk appetite and undertake single-variable, multi-variable and destruction stress testing on our Business Plan and its underlying assumptions to ensure we understand and quantify the impact of key risks on our business.

Ultimate accountability for the control and management of risk rests with the Board, who throughout 2024/25 have ensured that an appropriate, robust, and prudent business planning, risk and control framework is in place and operating effectively and will continue to do so. In addition to the Board, the Risk and Audit Committee have assisted the Board in matters relating to risk and audit.

We continue to work in partnership with our internal and external auditors to gain independent assurance on effective risk management, governance and internal control processes and implement recommendations should they arise.

VFM Objective Five – Maximising Opportunities Through Procurement

The below table details the procurement activity savings achieved by the Sovini group during 2024/25 which, although not directly attributable to PCHA, will have a positive impact. These have been generated from procurement exercises, Dynamic Purchasing System (DPS) and Framework Mini Competitions. This has resulted in £99,309 of savings.

Parent	Project Description	Overall Savings (£)
Sovini Limited	HR legal services	7,500
Sovini Limited	Hosted backups and disaster recovery services	76,986
Sovini Limited	Starbucks coffee machine	13,478
Sovini Limited	Samsung Knox E-Fota	1,345
Total savings		99,309

VFM Objective Six – Cooperation and Collaboration Through Self-Delivery

A Term Partnering Agreement (TPA) remains in place with contractor partners Sovini Property Services Limited, Amianto Services Limited, and Sovini Construction Limited. The agreement covers services and works including investments, repairs, planned maintenance, voids, and new build activity. The TPA supports collaborative working to maximise social value, added value, environmental, social and governance (ESG) targets, and VFM. This has supported the following outcomes:

- Greater visibility of performance and data (including interfacing systems and real time reporting).
- Increased flexibility (access to a wider supply chain network).
- Greater certainty leading to improved customer service & life cycle costs.
- Better emergency and demand planning (rapid mobilisation and response to change).
- Reduced risk through controlled measures in place.
- Standardisation of asset management specification considering whole life costing.
- Continuity of supply in the unstable operating environment (world affairs and macro economic factors).
- Added value through collaborative working, leading to innovative development and improvements, localised labour sourcing, reduced carbon footprint and social value pledges to local communities.

Performance under the TPA is monitored by officers through monthly meetings and the Core Group Meeting. The TPA contract is set to expire in 2033, following a review and approval by the Board in July 2023. This review confirmed that the agreement continues to meet long-term requirements and deliver value for money.

PCHA continue to benchmark performance through HouseMark, Vantage, HQN and Liverpool City Region Benchmarking group to ensure it continues to deliver VFM.

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VFM Objective Six – Cooperation and Collaboration Through Self-Delivery (continued)

The TPA also evidences VFM through the following:

- Major works have been approved on the basis that PCHA are achieving VFM;
- Greater certainty leading to improved customer service and life cycle costs;
- The contractors operate within the same VAT group; and
- The contractors have their own set of financial regulations to adhere to when sub-contracting works outlining VFM and transparency through the supply chain, with open information access available to the procurement team.

An independent benchmark was undertaken the second half of the financial year, which focused on the delivery, performance, added value and the service cost of Sovini Property Services Limited and Amianto Services Limited.

VFM Objective Seven – Excellent Performance and Customer Satisfaction

At year-end, six of the seven reported key performance indicators (KPIs) met or exceeded their targets. Five of these KPIs were benchmarked, with performance falling within the top quartile for four indicators. This demonstrates that, when compared with peer organisations, performance is among the strongest across all benchmarked KPIs. For those without formal benchmarking, confidence remains high that performance is strong in these areas as well.

Performance indicator	2024/25 Value	Target	Status	Housemark quartile	2023/24 value	Trend
Rent collected as a proportion of rent available (exc. arrears b/f)	100.47%	100.00%	✓	2	100.67%	↑
Average number of days to re-let a void property	4.7	5.0	✓	1	1.2	↓
Rent arrears of current customers as a proportion of the rent roll	0.18%	0.50%	✓	1	0.40%	↑
% of rent lost due to void properties	0.07%	0.06%	✗	1	0.02%	↓
Customer satisfaction with services (cumulative)	99.30%	95.00%	✓	No data	99.30%	—
% of dwellings NOT meeting the Decent Homes	0.00%	0.00%	✓	1	0.00%	—
% of lettings to ethnic minority customers	81.00%	50.00%	✓	No data	82.00%	↓

Key:

- ✓ Target achieved
- ✗ Target not achieved

Source: PCHA Performance Report (2024/25)

The board have approved the development of our VFM Metrics Scorecard. The submission of the scorecard outcomes and narrative to the Regulator for Social Housing (RSH) as part of the annual financial statements will ensure that PCHA continues to meet the requirements of the RSH VFM Standard published in April 2018.

Our 2024/25 VFM performance is summarised below. This compares current year performance against our initial forecast and also against our performance in 2023/24 (against the National Top Quartile) and our forecast performance during 2024/25.

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VFM Objective Seven – Excellent Performance and Customer Satisfaction (continued)

Indicator	Prior year actual 2023/24	National top quartile 2023/24	Current year forecast 2024/25	Current year actual 2024/25	Next year forecast 2025/26
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Regulator for Social Housing Value for Money Metrics

1	Reinvestment %	11.69%	11.00%	0.96%	0.43%	1.27%
2	Operating margin	22.89%	23.40%	17.37%	22.04%	16.41%
3	EBITDA MRI (as a percentage of interest)	265.17%	153.00%	205.00%	264.00%	180.00%
4	Units developed (as a percentage of units owed)	4.24%	2.20%	0.00%	0.00%	0.00%
5	Gearing	21.96%	54.30%	22.20%	19.80%	23.00%
6	Return on capital employed (ROCE)	2.60%	3.40%	2.27%	2.79%	1.91%
7	Headline social housing cost per unit	£4,045	£6,350	£5,054	£4,546	£5,109
8	Management cost per unit	£866	N/a	£1,087	£969	£1,611
9	Service charge cost per unit	£716	N/a	£796	£785	£718
10	Maintenance cost per unit	£1,145	N/a	£1,361	£1,126	£1,384
11	Major repairs cost per unit	£1,330	N/a	£1,794	£1,672	£1,380
12	Other cost per unit	(£11)	N/a	£17	(£6)	£17

Additional Value for Money Metrics

13	Operating margin (social housing lettings)	22.89%	25.80%	17.37%	22.14%	16.41%
14	Units developed (social housing units)	23	-	-	-	-
15	Customers satisfied that their rent provides value for money	90.80%	N/a	90.80%	90.80%	N/a
16	Ratio of responsive repairs to planned maintenance spend	0.29	N/a	0.30	0.25	0.38
17	Rent collected	100.67%	N/a	100.34%	100.58%	100.00%

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How We Perform and Compare (continued)

The following is an analysis of the 2024/25 outputs in relation to each of the metrics, with reference to last year's performance and our forecasts for 2025/26. This information was reported to the Risk and Audit Committee for scrutiny as part of the VFM update report in May 2025 and also to the board in July 2025.

- 1 Reinvestment reflects the improvements made to existing homes as part of the investment programme, as well as new homes built as part of the approved development programme. 0.51% of the 0.53% variance to forecast relates to the anticipated land purchase of £150k, which has been carried forward to 2025/26.
- 2 & 13 Operating surplus (excluding fixed asset sales) of 22.04% is £165k higher than forecast. This is made up of £70k management costs savings partly due to new utilities contract causing a decrease in costs, £185k underspend on routine and planned maintenance costs due to lower responsive repair volumes, lower DMC demand and revisions to the sustainability programme.
- 3 Performance targets for EBITDA MRI have been surpassed by 59% due to lower levels of net interest payable achieved through active treasury management and lower drawdown requirement for development activity, whilst generating operating efficiencies within the management costs and the assets programme.
- 4 & 14 No in year unit handovers as anticipated or completed.
- 5 We report a slightly lower gearing ratio than forecast due to a lower value of loans than expected by £120k with reduced development activity and a £528k higher cash holding from the improved operating margin. In contribution with a marginally by a lower asset value at £316k lower than forecast this reduced the gearing ration 2.4% below forecast.
- 6 2.79% reflects £868k operating surplus over a capital employed of £31.1m. Increase against forecast is due to our higher operating surplus.
- 7 The headline CPU is reporting £508 per unit lower than forecast mainly due to lower management costs, planned maintenance and major repairs costs highlighted below.
- 8 Management CPU as highlighted above is slightly lower than anticipated due to £70k savings through an embedded culture of active budget management.
- 9 Service Charge CPU is showing in line with budget for the year.
- 10 Maintenance CPU is showing £235 lower than budget due to lower responsive repair costs and DMC volumes.
- 11 Major Repairs CPU is reporting £122 lower than forecast due to a £64k revision to the sustainability programme with elements carried forward to 2024/25.
- 12 Other CPU is a gain per unit in the current year due to a £3k reduction in bad debt provision in line with the high rent collection in year (100.58%).
- 15 The latest Customer Satisfaction Survey was carried in 2023/24. As Pine Court is a small organisation under 1000 units the requirement is to conduct a survey every two years. This ensures that we are not over surveying customers. Satisfaction with rent therefore remains at 90.8% as per the 2023/24 survey which is the latest figure.
- 16 Responsive repairs as a ratio of planned preventative maintenance spend reporting £31k lower for the year as a result of lower responsive repair costs and DMC volumes in the year, whilst improvement programme works are lower overall by £57k net capitalisation due to revisions to the sustainability aspect of the programme.
- 17 Rent collection performance at year end was 100.58% and this is 0.24% higher than the 100.34% year-end target. The void loss was £2,386 (0.07%), which is (£9k) lower than the year end forecast.

We continue to maximise VFM opportunities and work collaboratively with our Sovini group partners, Board members, the RSH, our funders, and integrated supply chain to achieve PCHA's VFM objectives and aims.