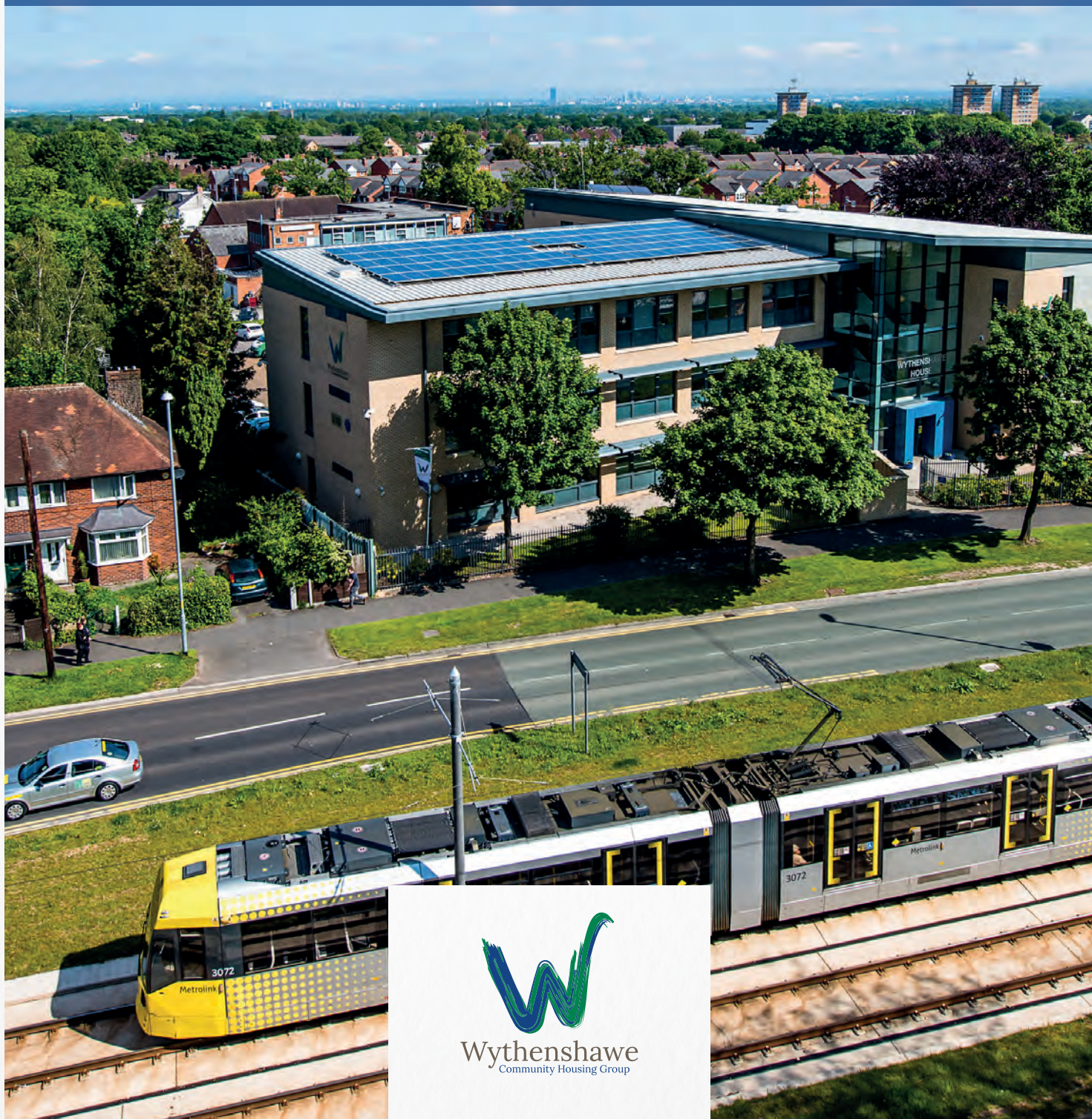


# Value for Money

## Self Assessment 2015





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# Value for Money

## 2015 Self-Assessment

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## Foreword from Martin Oldfield, Group Board VFM Champion

“As Board VFM Champion, I am very pleased with the way in which the two Trusts (PGHT and WPHT) have managed the transition into the Group structure which has delivered significant savings.

VFM continues to be a key focus for staff and the Board and will be even more so as we face the challenges presented by the Government’s decision to reduce social rents over the next 4 years.”

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# 1 Executive Summary

Wythenshawe is Manchester's largest district, with a stock profile of mostly 3 bedroom houses, designed in 1927 as a 'Garden City'. The housing estates in Wythenshawe had previously been described as representing an "extreme pocket of social deprivation and alienation". Over the past 2 decades, the housing stock has been transferred from Manchester City Council to local housing trusts Willow Park Housing Trust Limited (WPHT) in East Wythenshawe (1999) and Parkway Green Housing Trust (PGHT) in West Wythenshawe (2006). These organisations were set up with a focus on improving the community as well as managing and maintaining the stock to ensure the Decent Homes Standard was achieved. Wythenshawe Community Housing Group Limited (WCHG) was established in April 2013 when PGHT and WPHT entered into a group structure, creating an organisation of almost 14,000 homes. Key to the creation of WCHG was a business case which outlined the key financial and non-financial benefits of delivering the group structure, including forecast efficiencies of £2.9m annually.

For the year ended 31 March 2015, WCHG delivered the following:

- The Group identified and delivered savings of £3.8 million in areas such as development and investment through more effective procurement, without compromising the excellent performance levels and quality of the services, as evidenced through the Group's performance indicators;

- Management costs have fallen (by 16% since 2012) to below the sector average, we will continue to review our costs further though in light of the recent budget announcements and the rent reductions to be implemented from April 2016;
- 24 new homes were built (average net build cost of c£107k) and transferred into management during the year - the Group will complete 496 new homes between 2015 and 2018;
- We have helped 114 residents into full time employment, supported 20 residents into self employment, and around 200 people have benefited from employment training provided.
- A social return of £13.1 million across a number of community investment schemes (employment & skills; youth & education; health & wellbeing; financial inclusion; and community safety) on an investment of £2.1 million. The Group will continue to extend its approach to measuring social return across the Group's remaining service areas.

For 2015/2016, the Group has set a Value for Money (VFM) target of £2.6 million and will also be further improving its analysis of the return on assets data.



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## 2 WCHG's Vision & Challenges

WCHG's vision is to create:

***“a Community where people choose to live and work, having pride in their homes and services.”***

The values of the Group are built upon

***Honesty***

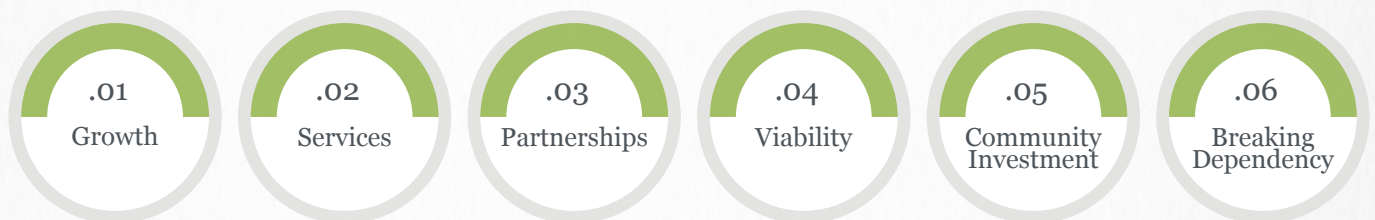
***Respect***

***Communication***

***Teamwork***

***Passion***

The Group's 5 year Strategic Plan “Towards 2020”  
includes 6 key challenges



which we aim to deliver by 2020.

Each of these key challenges will continue to be the subject of strategic focus throughout the next 5 years, supported by the Group's annual **Corporate Plan** and **Service Plans**.

The Group's Strategic Plan can be accessed  
through the hyperlink below:

<http://www.wchg.org.uk/wchg-strategic-plan/>



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# 3 Strategic Approach to VFM

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The Regulatory Framework for Social Housing in England was published by the HCA<sup>1</sup> in March 2012 and came into force on 1 April 2012. This introduced a new VFM Standard which set out the Board's responsibilities for ensuring that VFM is promoted, developed and communicated across the Group. The VFM Standard also contains a specific expectation that Registered Providers (RPs) will publish annually a robust VFM Self-Assessment document which provides information which is transparent and accessible to our stakeholders on how we are achieving VFM.

VFM is defined as maximising the Group's outcomes from its available resources. VFM is about managing the choice that exists between the cost, quality, and speed of delivery (timeliness) of products and services provided.

This can be achieved through the 3 Es as follows:

- **Economy** – delivering the product or service at the best price (competitive) minimising cost, time and/or effort;
- **Efficiency** – delivering the same quality of product or level of service for minimum input of cost, time or effort; or obtaining maximum benefit from a given level of input;
- **Effectiveness** – delivering an improved product or service, i.e. getting a better return for the same investment but ensuring the outcome matches customer's expectations.

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<sup>1</sup> HCA - Homes and Communities Agency



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VFM underpins the delivery of the Group's Vision and Objectives (*Section 2*).

The Group's VFM Strategy was developed and approved by the Group and Subsidiary Boards in May 2014, and reviewed in May 2015; it can be accessed on the Group's website and also through the hyperlink below:

<http://www.wchg.org.uk/wp-content/uploads/wchg-vfm-strategy.pdf>

The four key objectives of the Group's VFM Strategy are as follows:

- Develop the understanding of staff and promote a VFM culture within the Group;
- Work with tenants so that they shape VFM decisions and provide scrutiny over the VFM delivered by the Group. Further information on this is included in Sections 4 to 5;
- Ensure that VFM products or services are delivered to tenants (*Section 6*); and
- Ensure compliance with the HCA's VFM Standard.

The Group supports the delivery of the VFM Strategy through the following:

**3.1 The Group and its Subsidiaries each has a 30 year business plan which is reviewed annually** – these were last approved by the Subsidiary and Group Boards in March 2015. The Group's business plans are stress tested to ensure financial viability is not adversely affected by changes in the operating environment.

**3.2 The annual budget setting cycle for the Group commences in October of each year, the Group takes a Zero Based Budgeting approach** – all costs are reviewed annually to ensure they remain valid and appropriate, helping eliminate waste. This has resulted again in VFM achievements greater than anticipated (*detailed in Section 6.2.4*), and tighter budgets.

**3.3 Efficiency Savings Monitoring reports** have provided detail of the Group's ongoing work to ensure that the efficiency savings identified in the approved business case for the Group structure continue to be delivered, and were reviewed and discussed at Board.

**3.4 The Tenant Service Review Group** reviews service delivery and performance management information, allowing tenants to hold the Group accountable for VFM, and to influence resource allocation. During 2014/2015, three front line Service Reviews were carried out as below:

- Voids Maintenance;
- Customer Access (Contact Centre);
- % Repairs completed on the first visit (*completed May 2015*);

17 recommendations for improvement have been made (and approved) across these three service areas. Amongst these are some good examples of the Service Review Group applying VFM principles. For example the Voids Review recommended improving the process to increase the number of "back to back lettings" (a target of 100 back to back lets has been set for 2015/2016) and also to extend the number of days on which a tenancy could start to 5 days, which will help to maximise income for the Group.

**3.5 The Group has 5 Service Panels**, each meet on a quarterly basis to review and monitor performance across front line services. These Service Panels are key to shaping the Group's policies and strategies prior to presenting to the Tenant Committee for approval.



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**3.6 Internal Performance Management** – the performance of the Group (WCHG) and its Subsidiary organisations (WPHT and PGHT) is monitored by the Group Board, the Subsidiary Boards, the Audit & Risk Committee and the Tenant Committee.

The Group also has a robust performance management framework which is led by the Corporate Performance Group, which is made up of senior managers from across all service areas of the Group. This group reviews monthly performance through Key Performance Indicators, satisfaction and financial data and reports to the GLT and Board.

During 2014/2015 the Group implemented a **Business Intelligence System (Qlik)** which has been developed to further enhance our ability to analyse and utilise data to improve reporting and performance across the Group, by using a Dashboard approach enabling cost, performance and satisfaction to be reviewed together in addition to benchmarking and trend analysis from April 2015.

It is expected that the Group will realise efficiencies from this project from 2015, which will include the retirement of legacy performing reporting systems. Further efficiencies will be quantified during 2015/2016 as a result of increased data analysis being used to deliver services at a lower cost, leading to higher output and increased satisfaction.

In the Group's Strategic Plan a specific VFM objective is included for each service area to ensure VFM is embedded throughout the Group across all business areas.

The Group's Appraisal Framework has a clear VFM competency (demonstrating efficiency and effectiveness) which every member of staff is measured against. Managers have received training

in the application of the framework and every member of staff has in place performance targets which are monitored through the monthly one-to-ones and appraisal reviews.

Management accounts are prepared on a monthly basis within 4 days of the month end to ensure budget monitoring data is as up to date as possible.

**3.7 External Performance Management** – the **Annual Report** (combined with the VFM summary) provides an overview of the Group's performance and is made accessible to all tenants. Feedback from tenants is used to further develop performance improvements. Tenants are involved in the development and sign off of the Annual Report through a Communications Panel.

Costs, performance and satisfaction are benchmarked across the sector through a range of sources to allow clear comparisons and to drive improvement. Managers and budget holders utilise this data to support decision making when reviewing services and budgets.

The Group uses a wide range of benchmarking tools. The Group is a member of Housemark, Northern Housing Consortium, ContactNet, Airport Group; repairs information is also benchmarked using 'Check-mate', 'Housing Quality Network' and the 'Direct Works Forum'. For areas where there are no national benchmarking mechanisms (e.g. Financial Inclusion), we have facilitated the development of a local benchmarking group to allow comparisons of costs of individual services.

The Group joined the BOB<sup>2</sup> group in April 2015; this will allow comparison of our back office services.

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<sup>2</sup> **BOB** – Back Office Benchmarking





## 4 Stakeholders

Stakeholders are key to the Group for setting our VFM approach and targets. For example Tenants have been involved in areas such as specification setting of tendering and major contracts. They have been instrumental in the development of the VFM ethos across the Group and assist in scrutinising and monitoring performance.



## The Group recognises stakeholders at the wider level as follows:

Stakeholder	What they value	What is delivered
Tenants & Residents	That we provide good quality homes, in a desirable environment, services which provide VFM and that decisions are taken in the best interests of tenants.	<p>Good quality homes, both existing and new, which meet the Decent Homes Standard.</p> <p>Good quality services as evidenced by our performance indicators.</p> <p>A Governance and Involvement Structure which offers tenants a choice of involvement mechanisms, influence over product and service delivery, and puts tenants at the heart of decision making.</p>
Local Authority – MCC <sup>3</sup> & Trafford	<p>The Group is a fundamental partner of MCC, and we have led on pilot initiatives to support our local authority partners, which has contributed to improvements and efficiencies for both our Partners and the Group.</p> <p>We will continue to support MCC and Trafford in helping them balance the local housing market by meeting need/ demand, building sustainable communities, increasing well-being, independence.</p>	<p>Some examples of projects delivered include:</p> <p>Cross-working is being carried out across some of our neighbourhoods. which has reduced duplication around neighbourhood and estate management, as tenants are able to report any concerns in relation to neighbourhood issues and we will offer a joined up service improving the service delivered to residents.</p> <p>The Group is a key player in the Manchester Move partnership; the city's choice based letting service which has resulted in VFM efficiencies for all participants as only one application needs to be made to access the housing register across the city. Annual efficiencies of c£478k relating to IT and business process improvements have been delivered through this partnership.</p> <p>We continue to support MCC through their Confident and Achieving Manchester (Complex Dependency) programmes.</p> <p>We support the 'Troubled Families Two' initiative, which provides intensive support to families on a holistic basis to tackle the root problems and issues. We have also been part of a pilot with other RPs to adopt the Keyworker model within Troubled Families. This Keyworker role aims to provide a whole family approach to families and single adults with a lighter touch to other interventions such as FIP<sup>4</sup> which we also part fund and have two FIP workers co-located in our office which in turn supports our Key Workers.</p> <p>The Keyworker and FIP models achieve improved outcomes for families and also for our business - for example, reduction in anti social behaviour and prevention of eviction for arrears. The FIP model has demonstrated savings to the public purse in excess of £100k per family, and the early evaluation of the Key Worker model shows successes in terms of tenancy sustainment and reduction in issues.</p> <p>We continue to work with our partners on the recent development of the MASH<sup>5</sup> and how RPs can integrate with the MASH in providing relevant information and playing an active part in decision making on relevant cases. Further work continues in the development of Local Hubs and we are an active partner in the work streams to help shape and implement the hubs.</p> <p>The Group manages the Grounds Maintenance service on behalf of MCC to deliver its services across Wythenshawe. The co-location and joint management approach ensures a single consistent high level of service whilst driving efficiencies for both parties through shared management and equipment costs.</p>
Greater Manchester / AGMA <sup>6</sup> / Devolution	We work with a number of partners on a Greater Manchester level to progress priorities, for example the Greater Manchester Troubled Families project, which is being delivered on a Greater Manchester scale but with our focus in Manchester as detailed above. This enables a wider conversation and influences decision making on a larger scale, bringing together a stronger voice and economies of scale.	<p>WCHG is delivering one of the biggest programmes of housing developments by an RP in Manchester making a significant contribution to the total LCHO<sup>7</sup> in the Manchester City region. The Group's approved development programme (see section 6.4) includes 139 shared ownership properties and 60 properties for outright sale.</p> <p>WCHG is working in partnership with MCC to deliver the Village 135 extra care development. This will provide 135 extra care units for older people. The Group is also working with the South CCG<sup>8</sup> to support the provision of respite care for people recovering from illness but do not need hospital care.</p> <p>We are currently working to develop proposals for the re-provision of accommodation for people with Learning Disabilities and transition accommodation for younger adults.</p> <p>We work with MCC through MEAP<sup>9</sup> to provide assistance to people with disabilities to stay independent in their own home and contribute 40% of the cost to any adaptations.</p>

<sup>3</sup> **MCC** – Manchester City Council    <sup>4</sup> **FIP** – Family Intervention Project    <sup>5</sup> **MASH** – Multi Agency Safeguarding Hub    <sup>6</sup> **AGMA** – Association of Greater Manchester Authorities    <sup>7</sup> **LCHO** – Low Cost Home Ownership    <sup>8</sup> **CCG** – Clinical Commissioning Group    <sup>9</sup> **MEAP** – Manchester Equipment and Adaptations Partnership



Stakeholder	What they value	What is delivered
Funders	<p>The Group's Funders (Royal Bank of Scotland; Nationwide Building Society and Santander) provide combined facilities of £144m, and are integral to the delivery of VFM products and services.</p> <p>The Group has sustainable business plans, and can demonstrate effective performance management and use of resources, resulting in good performance, which ultimately helps to protect loan security.</p>	<p>These facilities have supported both investment in existing stock to achieve 100% Decent Homes, and the development and acquisition of 30 new homes in 2014/2015, as well as the longer term development programme of 496 properties between 2015 and 2018.</p>
Partner organisations	<p>The Group works with a number of other partners such as:</p> <ul style="list-style-type: none"> <li>• JV<sup>10</sup> North – development consortium;</li> <li>• Procurement Frameworks Plus;</li> <li>• Local schools and colleges (e.g. MEA<sup>11</sup>);</li> <li>• BIG Lottery Fund;</li> <li>• Manchester United Foundation;</li> <li>• Heritage Lottery Fund;</li> <li>• Job Centre Plus and other local employers;</li> <li>• Neighbourhood Development Programme;</li> <li>• Carbon Literacy Programme;</li> <li>• Local Enterprise Partnership;</li> <li>• Age Friendly Manchester;</li> <li>• Greater Manchester Police;</li> <li>• Forum Trust;</li> <li>• Wythenshawe Youth Alliance;</li> <li>• Manchester Youth &amp; Play.</li> </ul>	<p>Some examples of projects delivered include:</p> <p>Our award-winning Futures programme - which aims to improve the employability of people furthest from the job market - was supported by Job Centre Plus and the Youth Contract Wage Incentive. To date, 80 people have taken part in Wythenshawe Futures with 83% of completers subsequently going into employment.</p> <p>We work alongside our construction framework partners to deliver new homes and local employment with 10 apprentices employed through these consortiums.</p> <p>The Group works closely with a number of procurement frameworks to tailor its services and drive collective purchasing power on component rates, this includes the supply of fleet both through Procure Plus &amp; MCC and materials purchasing through Cirrus<sup>12</sup> framework which demonstrate upper quartile rates when benchmarked with peers.</p> <p>Talent Pool is a tool devised by the Local Enterprise Partnership which enables businesses to deliver on a pledge to ring-fence 25% of their entry-level vacancies to local residents. WCHG employs 100% of its entry-level using the Talent Pool process, in addition to providing a recruitment service for employers, such as Metrolink, Concept Heating, AB Building and Electrical, Mitie, Bespoke and Costa Coffee. During the year, 78 candidates from the Real Opportunities (a signposting service to learning, training and employment support for Wythenshawe residents, delivered in partnership with Job Centre Plus, Manchester College, MCC, the Greater Manchester Police) and Talent Pool schemes went into employment.</p> <p>Along with partner organisations we contribute to and participate in the Neighbourhood Development Programme which is a 9 month programme aimed at developing the skills of people working in Neighbourhoods.</p> <p>As partners in the Carbon Literacy programme we are working as one of 20 landlords to reduce the carbon footprint of Manchester by providing one day's training to everyone who lives, works and studies in Manchester.</p> <p>The Group's Turnaround project aims at providing employment to people with low level criminal records to enable their rehabilitation. We provide up to 3 placements per year in conjunction with Procure Plus to people on this scheme.</p>
Regulator	<p>Viability and compliance with the Regulatory Code and Standards.</p> <p>Protection of public funds.</p>	<p>The HCA has performed independent assessments of various aspects of the Group's activities as part of their annual regulatory plan for the Group, based on the business plan submissions, the financial forecast returns, the statistical data returns, the quarterly survey returns, the annual financial statements and the auditor's report to management.</p> <p>The HCA issued the following strapline in February 2015:</p> <p><b><i>"The Group meets the requirements on viability set out in the Governance and Viability standard and has the capacity to mitigate its exposure effectively."</i></b></p> <p>During the year, the Group received a total of £445k grant from the HCA which went towards the development of 24 new homes which transferred into management during 2014/2015.</p>

<sup>10</sup> JV - Joint Venture    <sup>11</sup> MEA – Manchester Enterprise Academy    <sup>12</sup> Cirrus – a consortium of RPs, local authorities who have joined together to establish EU compliant frameworks for the procurement of products and services



Stakeholder	What they value	What is delivered
Staff, Managers, Leadership Team	Staff are encouraged to identify VFM savings. Managers are responsible for ensuring VFM is embedded across the Group and that VFM is delivered on an operational level. The Group's Leadership Team is responsible for monitoring delivery.	<p>The Group's performance management framework is described in Section 3, in addition to actual performance against target. VFM achievements delivered by the Management team can be found in Section 6. The Group's VFM Tracker is used to report VFM savings.</p> <p>During 2014/2015, the Group harmonised employment terms and conditions across the Group, including the new benefits package.</p> <p>The 'Best of Both Worlds' training package also commenced during 2014/2015 for all staff covering customer care – this programme was developed based on customer and staff feedback.</p> <p>On formation of the Group on 1 April 2013 the organisation embarked on a major restructuring programme which was completed by 31 March 2014, 12 months ahead of schedule. The Group also looked at different working patterns reflecting business needs better as part of this programme. Annualised hours was introduced in the Contact Centre and has resulted in a more efficient use of time so that extra resource is available at busier times. In Wythenshawe Works, whilst consideration was given to annualised hours for teams providing the Roofing and Grounds Maintenance functions, it was assessed that seasonal working arrangements best met the operational needs of this service area.</p> <p>Across the Group, managers have looked at operational hours and in many customer facing departments (e.g. Development and Investment; Rents) have looked at working patterns and tightened up on existing rosters to ensure that a service is provided outside of the usual office working hours.</p> <p>The results of the restructuring programme are shown in section 6.2.4.</p> <p>We continually review structures and resource requirements to ensure they meet business requirements.</p>
Auditors	<p>The External Auditors (Grant Thornton UK LLP) annually audit the Group's Statutory Accounts, which includes a review of the VFM section included within the Operating and Financial Review.</p> <p>The Internal Auditor (KPMG) carries out an annual review of the effectiveness of the Group's internal control system.</p>	<p>The Group's External Auditors issued a 'clean' opinion on the Group's Statutory Accounts, including the Operating and Financial Review.</p> <p>As part of the Group's Internal Audit Annual Plan for 2014/2015, the Internal Auditor reviewed 6 key risk areas during the year (Value for money and service improvement; Compliance with legislation - landlords gas safety records; ICT; Asset Management; Corporate Governance and Budgetary Control).</p> <p>The Internal Auditor confirmed <b>Significant Assurance</b> on all the areas reviewed noting that the Group had also <b><i>"made good progress towards implementing the internal audit recommendations raised in 2013/14"</i></b>.</p>





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# 5 Decision Making & Governance

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The Group's **Strategic Plan** is developed and agreed after extensive consultation with our tenants, staff, Board and the wider stakeholders. This is aligned to the Group's Corporate Plan which in turn links to the annual Service Plans. The annual Service Plans document each service area's targets for the year in delivering service improvements, whilst demonstrating VFM.

A summary of the '**golden thread**' process is as below:

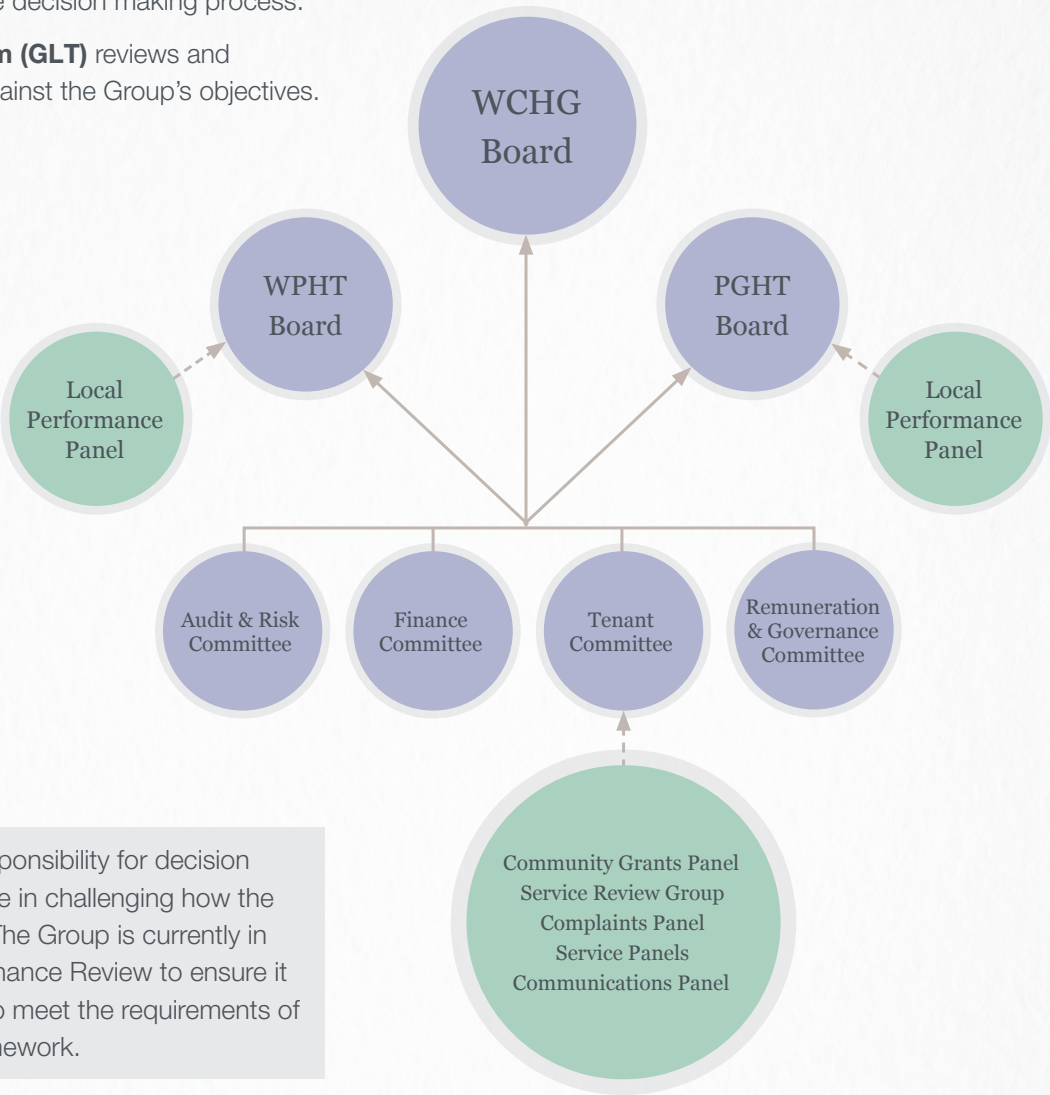


The above golden thread is supported by the Group's approach to performance management (*Section 3*) ensuring its delivery and integrity.



As referred to previously (Section 3), **Tenant Service Panels** and the **Tenant Committee** are consulted with and extensively involved in the decision making process.

The **Group Leadership Team (GLT)** reviews and appraises all new initiatives against the Group’s objectives.



The **Board** has ultimate responsibility for decision making and takes a lead role in challenging how the VFM Strategy is delivered. The Group is currently in the initial stages of a Governance Review to ensure it remains effectively placed to meet the requirements of the revised Regulatory Framework.

All Board and Committee reports include a formal requirement for VFM implications to be identified



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The Board recognises and acknowledges its overall ownership and responsibility for meeting the HCA's VFM Standard, and receives assurance of the Group's compliance as follows:

- The Regulatory Framework requires all RPs to adopt and comply with a recognised code of governance. The Group has adopted the **National Housing Federation's Codes, Excellence in Governance and Excellence in Conduct** – a compliance review was reported to Board in June 2015;
- The Governance framework includes a **Group Finance Committee** and a **Group Audit & Risk Committee** who offer more detailed challenge and scrutiny in relation to VFM;
- Board recruitment endeavours to ensure it includes members with expertise in key areas such as finance, development, housing, regeneration;
- All Board and Committee reports include a formal requirement for VFM implications to be identified;
- Performance is reviewed by the Group Audit & Risk Committee and the Boards at each meeting. Management accounts are also presented to the Group Finance Committee and to the Boards at each meeting overseeing cost control;
- The Board also received Efficiency Savings Monitoring reports bi-annually during 2014/2015, and will receive an annual report for 2015/2016 to monitor the progress made by the Group in delivering the efficiency savings identified in setting up the Group structure;
- The Board has been fully engaged in the development of the VFM Self-Assessment, leading to its formal approval before publication;
- Board Awaydays are held three times a year, and in 2014/2015, have covered areas such as Funding, VFM and Return on Assets, Growth Opportunities, Pension Provision, Universal Credit and its impact, and Governance – all of which have an impact on VFM for the Group;
- The Group Board has a **VFM Board Champion**, who has been engaged as part of the VFM self-assessment process. Engagement will continue through the year 2015/2016 to sustain focus in delivering VFM for our stakeholders.

The Group has a strong risk management process; the Group Risk Management Strategy was approved by the Board in September 2013; and the Risk Management framework process was updated during 2014/2015. GLT is responsible for ensuring that the Group's strategic risks are regularly reviewed, updated and scrutinised by the Group Audit & Risk Committee and reported to the Board on an annual basis. Managers are responsible for reviewing and updating operational risks for each service area.

Other key strategies which align with the Group's VFM Strategy impacting on VFM are:

- Neighbourhood Strategy;
- People Strategy;
- Procurement Strategy;
- Treasury Management Strategy.





# 6 VFM Achievements 2014/2015

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# 6.1 Assets

## (Incorporating Return on Assets)

### 6.1.1 Economic Returns:

The Group's stock is split into property groups based initially on the archetype and then analysed further using financial techniques such as Net Present Value and Return on Asset (developed with IPD<sup>13</sup> during 2014/2015). This is then overlapped with the day to day information of repairs demand to identify ways of saving money by batching preventative works together. Our stock is surveyed on a 4 year cycle; the last Stock Condition Survey was completed in November 2013 using a 14% sample, with the next survey planned for 2017/2018. Investment decisions are then made utilising all available data, ensuring we maximise our return.

Voids and letting performance data is also utilised by the Group to develop an understanding of the return on assets at the detailed level. Stock demand, turnover and costs are some of the key drivers behind the model. The Group has set and delivered upper quartile targets for voids and lettings which continue to be delivered against, yet a keen focus is placed upon stock which poorly performs. A current example is our Sheltered Housing schemes as identified previously, and an initial review of these schemes has been carried out using the void and demand data. A further review will be completed in 2015/2016, using the IPD information (referred to below) which will consider ongoing performance and the long term sustainability of such schemes.

In addition to these cyclical trends and annual assessments, the Group undertakes individual high void cost appraisals to examine and consider return on asset prior to undertaking relet works. This ensures resources are carefully considered prior to commitment and appropriate choices made.

For example, one of the main areas of spend identified was vinyl floor renewals at c£700 per kitchen - the alternative approach of having the floors cleaned has seen a significant reduction in expenditure. We have also seen a similar cost saving relating to our change in approach from renewing kitchen worktops and unit doors to using a bespoke contractor to colour match and repair instead.

Repairs and Void Managers hold weekly meetings to review current workload and the number of properties on notice and reallocate resources to meet the anticipated demand creating salary efficiencies with the void budget.

Due to the reduction in void demand, void technicians have been undertaking work normally undertaken by subcontractors, creating an efficiency greater than the Service Plan target of 8%.

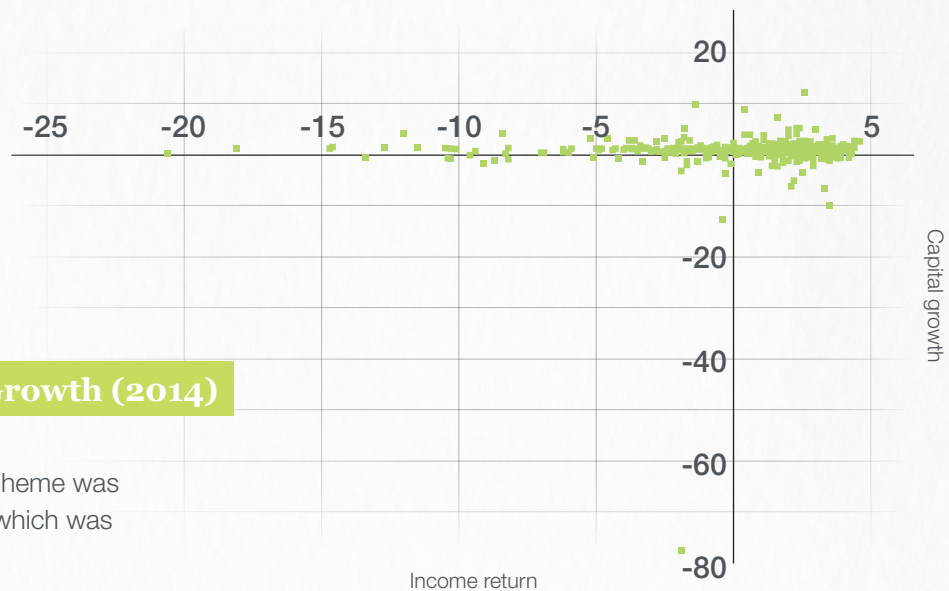
During 2014/2015, the Group has worked with IPD to develop return on asset information at a location and stock type level to further improve our decision making in this area. IPD's methodology allows the Group to assess its stock portfolio using income return and capital growth measures. The data will also be assessed against a suitable dataset ensuring the Group can benchmark against similar organisations. The data will be used to evaluate 'best use' options for different categories of stock including decisions relating to capital investment, disposals, demolitions, and conversions.

Both measures for the Group's Return on Asset approach (income return and capital growth) are significantly influenced by the level of maintenance and stock investment required.

<sup>13</sup> IPD – Investment Property Databank Limited (part of MSCI – Morgan Stanley Capital International)



The graphs below show the income return and the capital growth of the Group’s properties for 2014 and 2015:



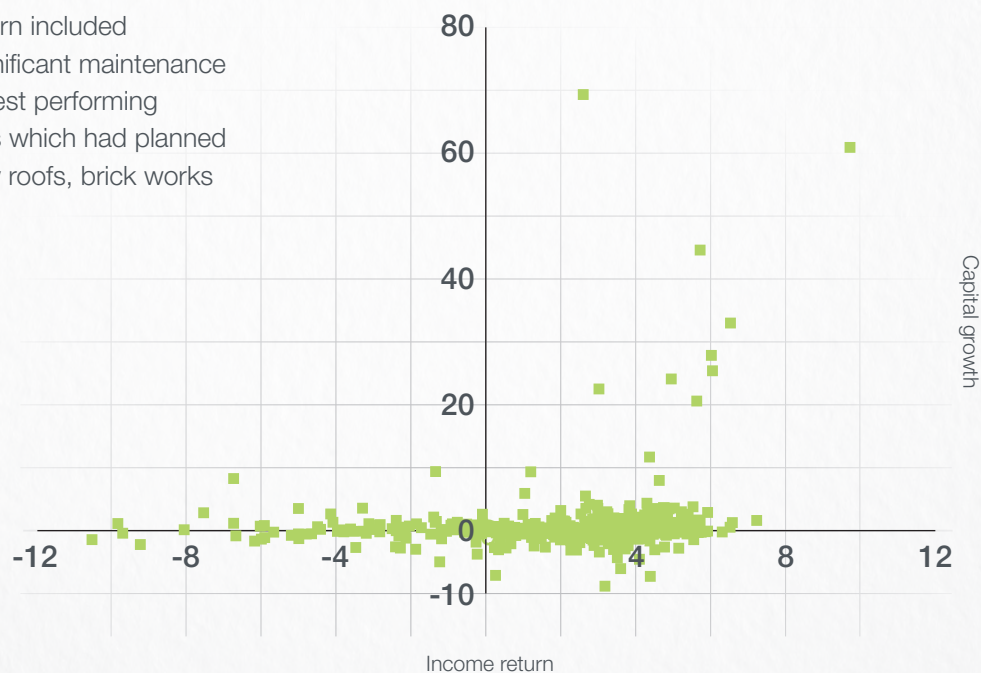
**Income Return v Capital Growth (2014)**

As expected the poorest performing scheme was identified as the Greenbrow Road site which was demolished in the year 2014/2015.

The headline figures also confirmed negative returns on the Group’s sheltered accommodation, and 2 bedroom cottage flats in the Peel Hall area.

**Income Return v Capital Growth (2015)**

Schemes with low income return included properties which have had significant maintenance work during the year, the poorest performing schemes were older properties which had planned investment works such as new roofs, brick works and canopies.





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The Group has Asset Management Plans and Environmental Investment Strategies at Subsidiary level, and is in the process of developing overarching Group Strategies which will ensure consistency across the wider Group. The Plans and Strategies help to support the Group in ensuring it has a better detailed understanding of its assets, the cost drivers, and opportunities available to ensure we can maximise the return from our investment decisions.

The Asset Management Plan identifies the properties and components to be renewed over the next 5 years ensuring day to day resources are not wasted on repairing or replacing one off expensive renewals. We maximise cost efficiency by adopting a clear planned maintenance programme which is developed by our in-house understanding of component failures that occur, through the day to day repairs demand. Areas such as whole life costing, product choices, component standardisation and impact upon customer satisfaction/desirability are all ingredients of an effective Asset Management Plan.

The Environmental Investment Strategy sets out our priorities for the estate based on what residents have told us are priorities for their community. The strategy defines how we prioritise investment into environmental enhancements, how we assess feasibility, and consult with stakeholders on projects such as car parking, boundary and security improvements to ensure investment choices have the greatest impact. Broader operational costs to the business are also considered (such as management, ASB) to ensure we target effectively Environmental Investment to improve and seek a return from the investment through either improved satisfaction/desirability in that area or reduced cost of managing ASB, crime and other management cost drivers.

Asset management data for both Subsidiaries is held centrally on one common system, Promaster, which

is linked to the Group's housing management system. During 2014/2015, the Group reduced Day to Day (DTD) repairs demand by 4% which was driven by implementing a new Repairs Policy with clear responsibility and recharging provisions alongside a drive to more intelligent replacement life-cycles on components enabling a return from the investment with fewer failures for our tenants. For heating and roofing replacements, programmes are based upon current repairs demand, current condition and overall age rather than the traditional age only approach. Targets for 2015/2016 have been developed to further reduce DTD demand by 2% by focusing investment choices to balance age and condition.

The energy efficiency rating (SAP) of the Group's stock is measured at **70.02** (PGHT – 72.29; WPHT – 68.61), which reflects the investment to date by the Group. This equates to an energy rating of band C. The Group is part of a City Council led Working Group to tackle carbon reduction and have developed a new Environmental Sustainability Strategy during 2014/2015 with objectives to improve all homes and achieve an average energy rating of B by 2027.

Alongside the physical work, we will work with our tenants to promote changes in behaviour which will reduce carbon emissions and save them money. Examples include the issue of a Household Electrical and Gas Safety Tips booklet which goes out to every property with the gas service appointment; Customer Service staff have been trained to give informative advice on the efficient use of central heating controls, which is also further demonstrated by Operatives whilst carrying out the gas service.

The Group is committed to ensuring it continues to meet the Government's Decent Homes Standard; **100% of our homes currently meet the Decent Homes Standard.**

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## Future Plans:

The IPD project will be used to better analyse the commercial value of our assets and will help to better inform disposal and investment strategies. This information will be used in conjunction with the next stock condition survey scheduled to be undertaken in 2018.

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## 6.1.2 Social Returns:

During 2013/2014, the Group worked with Baker Tilly Corporate Finance LLP assessing the Social Return on Investment (SROI) on a number of community schemes – this work identified a social return of £5.56 million across a number of community investment schemes (local apprenticeships, learning and support programmes) from an investment of £1.06 million, giving a social value ratio of 1:5.



### Having completed the above SROI assessment in 2013/2014, the Group wanted to:

- extend the measurement of social impact across community investment projects;
- reduce the reliance on an external consultant to conduct the assessment by training and supporting managers to accurately record and report social impact data in line with a recognised model;
- begin to measure social impact across our core business activities (beyond community investment projects);
- start to benchmark our social impact against the performance of other providers.

The Group, during 2014/2015, developed and piloted an alternative social impact measurement methodology across all its community investment service areas, and extended this to the following service areas:

- Financial Inclusion – to evaluate the social impact of the financial inclusion services offered to tenants;
- Community Safety – to evaluate the social impact of the Group's anti-social behaviour reduction programme.

### The Group's approach will enable us to:

- evaluate and measure the **primary benefits** of our activities – how they impact on our tenants and more widely on the residents of Wythenshawe;
- evaluate and measure the **secondary benefits** of our activities – the wider public benefits and the saving to the public purse.

The social impact measurement methodology adopted by the Group is the **Housing Associations' Charitable Trust's (HACT) Wellbeing Valuation** approach (published in March 2014), which has been developed specifically for RPs, and is designed to help RPs understand and value the impact of their activities on residents.

The benefit of the HACT model is that it is the one most commonly used in the sector and therefore has more promise of useful benchmarking. It also gives an insight into the benefit of an activity on an individual (rather than on a statutory service).

However, there are also some limitations to the HACT model:

- it currently only provides values for community investment projects (not the RP's core services), so the primary benefits for a number of our activities are not given a value. This is an area of development which HACT has identified and will be working on over the next 12 months;
- the HACT model does not measure any secondary impacts. The Group measures secondary impacts primarily using the assessments completed for us by Baker Tilly and the New Economy's Unit Cost Database [http://neweconomymanchester.com/stories/832-unit\\_cost\\_database](http://neweconomymanchester.com/stories/832-unit_cost_database).

As the new model for social impact measurement embeds across the business over the next 5-10 years, it is anticipated that the percentage of our social value captured will increase. WCHG estimates their 2014/2015 social impact assessment captures some 40% of total social value of Group activities.



## The Group's 2014/2015 social impact assessment results are as below:

Directorate	Investment £m	Primary benefit £m	Secondary benefit £	Social Value £	Social Value Ratio
Community Investment – employment & skills	£0.829m	£1.556m	£1.803m	£3.359m	1:4
Community Investment – youth & education	£0.276m	£1.310m	£1.148m	£2.458m	1:9
Community Investment – health & wellbeing	£0.226m	£4.217m	£0.111m	£4.328m	1:19
Finance (Financial Inclusion)	£0.262m	£0.494m	£0.016m	£0.510m	1:2
Housing (Community Safety)	£0.503m	£1.987m	£0.481m	£2.468m	1:5
<b>Total</b>	<b>£2.097m</b>	<b>£9.564m</b>	<b>£3.559m</b>	<b>£13.123m</b>	<b>1:6</b>

**Community Investment (employment & skills)** – WCHG offers a range of support to help residents in Wythenshawe develop and increase their skills and to move into sustained employment. Much of this work is delivered in partnership with other organisations. Positive outcomes from this programme included supporting 114 people into full time employment; 39 onto apprenticeships; 103 to achieve qualifications; and over 500 people benefitting from training.

**Community Investment (youth & education)** – the Group offers services for children and young people at a number of locations across Wythenshawe. The Group's aim is to deliver a fully inclusive, quality youth offer available to young people from 11 to 19 years of age across five sites in Wythenshawe. Positive outcomes from this programme included more than 640 young people regularly attending educational and leisure activities.

**Community Investment (health & wellbeing)** – as part of our Health Strategy, WCHG is committed to providing support to help improve the health of the people in Wythenshawe, who have some of the highest levels of long-term illness, disability and heart disease. Positive outcomes from this programme included 300 people attending social and voluntary groups to reduce social isolation; 39 people regularly volunteering for community activities; 1,139 people regularly participating in sports activities; more than 9,500 hours volunteered in the community.

**Financial Inclusion** – this service aims to support income collection and tenancy sustainment, preventing evictions and void losses and associated costs. Much of the work is delivered in partnership with other organisations where vulnerable tenants facing financial hardship have been given advice that has helped them to stay on top of their budgeting, including maintaining their rent payments. The team has also worked in partnership with members of the Wythenshawe Financial Inclusion Group to deliver a targeted awareness campaign around the services provided by the Illegal Money Lending Team.

**Community Safety** – WCHG's Community Safety Strategy aims to improve the quality of life for local residents by helping to reduce anti-social behaviour and crime within our communities. Positive outcomes from this programme included more than 400 individuals reporting an improved perception of the local area.

The above social value ratio can be further benchmarked against the PlaceShapers<sup>14</sup> members where the average social value ratio calculated for LSVTs for 2014 was 1:12, or alternatively 1:10 for RPs with stock over 10,000 units.

Further information can be found in the Group's Social Impact publication: ([www.wchg.org.uk/SocialImpact2015.pdf](http://www.wchg.org.uk/SocialImpact2015.pdf))

<sup>14</sup> PlaceShapers is a national network of over 100 community based housing associations, owning c750,000 homes in total.



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## Future Plans:

Social impact measurement will continue to be developed throughout the Group during 2015/2016.

Improvements will cover:

Roll out to more business areas across the Group;

Participation in work with other RPs to further develop the HACT model;

Ability to start to develop trend data by measuring impact annually.

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### 6.1.3 Environmental Returns:

Addressing fuel poverty, health and wellbeing has always been an important consideration when making asset investment decisions. Examples of ongoing work include:

Description	VFM saving
The Group continues to work with North West Insulations (NWI) to identify poorly performing assets in relation to insulation levels. Approximately 3,500 properties have received treatment and approximately 500 properties have been identified as needing work. In 50% of cases NWI are able to procure grant funding for these works, the value of this funding has increased for 2015/2016 allowing more homes to be treated.	The Energy Saving Trust calculates that for each installation in a mid-terrace property, the reduced heating cost is approximately <b>£95</b> for Cavity Wall Insulation (CWI) and <b>£120</b> for an upgrade in loft insulation from 100mm to 270mm. The carbon saving would be c400kg for CWI and c500kg for increased loft insulation.
The Group operates a waste recycling centre for its in-house operations to ensure recycling is maximised from our activity and waste costs are kept to an absolute minimum.	The Group processed 3,726 tonnes of waste through the centre, achieved a recycling level of almost 99% and saved the Group <b>£137k</b> per annum against traditional skip hire contract.
The Group actively promotes the importance of energy efficiency with customers and undertakes demonstrations to customers on how to manage efficiently their home including detailed guidance brochures as part of the annual gas servicing.	Customers are able to better manage their energy consumption and deliver personal savings on energy use in their home.
The Group has embarked on an Energy Company Obligation (ECO) project to install a Bio Mass communal heating system to replace the existing, poorly performing gas heating at three tower blocks and electric heating at one tower block. This work will be completed by the autumn of 2015.	<p>Based on Energy Saving Trust information, the likely carbon savings for this project would be 1,700 tonnes per annum and annual saving for occupants of £400 against electric and £10 against gas.</p> <p>In addition to the above project the Group has extended this Bio Mass arrangement to its new extra care scheme, Village 135. With 135 two bedroom apartments, this is likely to come on line in winter 2016. The Energy Saving Trust calculations are based on the replacement of older poorly performing systems so the efficiency gain against a new build scheme is likely to be significantly less.</p> <p>The Group is also intending to provide External Wall Insulation (EWI) and new windows to three high rise blocks during 2016, with an anticipated carbon saving of 86 tonnes per annum and potential fuel savings to occupants of £100 per year.</p>

## Future Plans:

A new Environmental Sustainability Strategy (ESS) has been developed during 2014/2015 and will be implemented during 2015, which will link together the Group's rationale and approach to maximising environmental returns, building on the 'asset first' approach to ensure:

- life cycle considerations of products used;
- impact on and benefit to the wider community;
- reduce, reuse or recycle approach to component procurement;
- use of low carbon, techniques products and solutions.



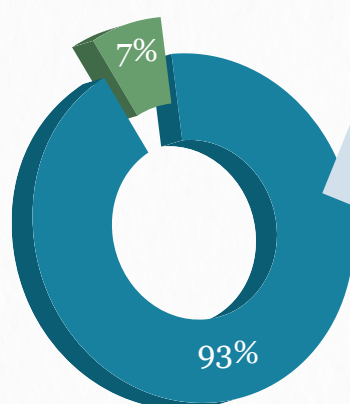
## 6.2 Operations

### 6.2.1 Where the Group receives its money:

The Group receives the majority of its income from rental turnover, in addition to Right to Buy sales proceeds and revenue grants. Income for 2014/2015 was split as below:

#### Income 2015

- Other Income
- Rental Income



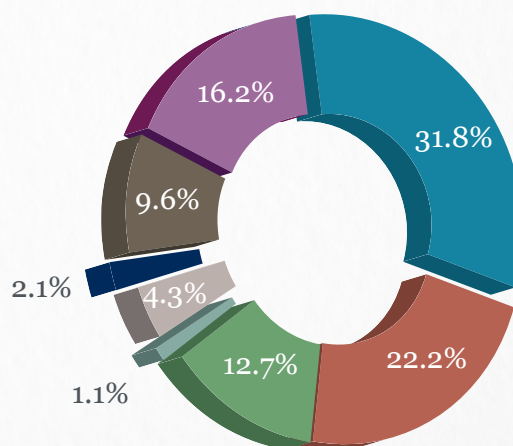
- **£58.9m** (93.2%) Rental income;
- **£2.4m** (3.8%) Right to Buy proceeds;
- **£0.6m** (1.0%) Revenue Grant income;
- **£0.1m** (0.1%) Other income including interest receivable;
- **£1.2m** (1.9%) Non-social housing income

### 6.2.2 How the Group's funds are spent:

For the year ended 31 March 2015, the above income resources were used to fund the following operational spend:

#### Expenditure 2015

- Management & Services **£17.3m**
- Routine & Planned Maintenance **£12.1m**
- Investment in Stock **£6.9m**
- Bad debts **£0.6m**
- Other including Regeneration **£2.4m**
- Cost of sales **£1.2m**
- Interest payable **£5.2m**
- Purchase and development of new properties **£8.8m**



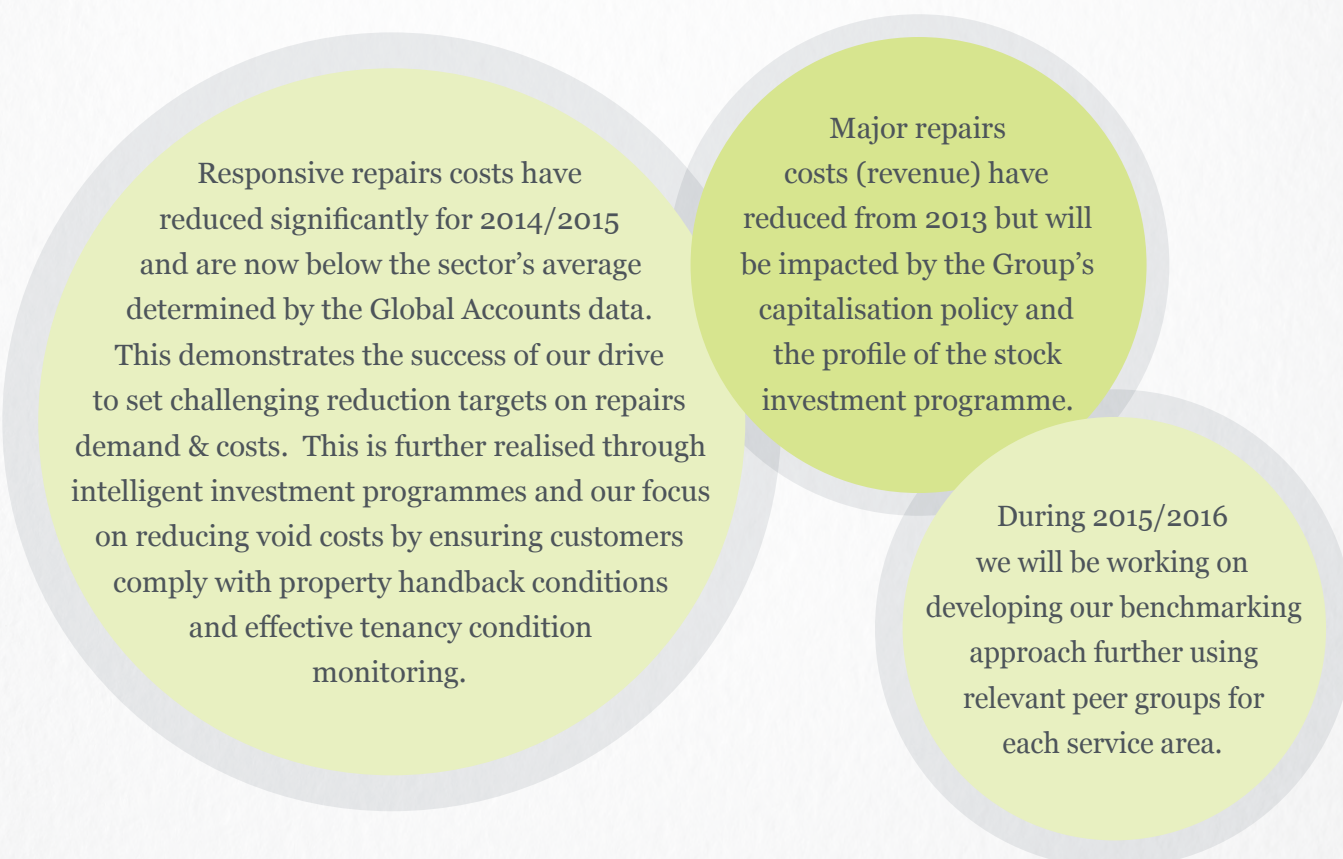


## 6.2.3 Performance

All costs are benchmarked across the sector through a range of sources in order that a clear comparison of operating costs is achieved and variances understood. This is utilised during budget setting so that the opportunity costs of decisions are understood and acted upon. The Group also carried out the following benchmarking exercise utilising the HCA's Global Accounts information:

Cost per property - CPP	Direction of Travel <sup>15</sup>	WCHG 2015	WCHG 2014	Global Accounts 2014 <sup>16</sup>	WCHG 2013	Global Accounts 2013 <sup>16</sup>	WCHG 2012	Global Accounts 2012 <sup>16</sup>
Management	↓	£732	£825	£990	£1,072	£952	£965	£908
Services	↑	£549	£481	£517	£283	£498	£303	£461
Responsive Repairs	↓	£672	£864	£712	£829	£699	£726	£699
Planned Repairs	↑	£225	£209	£304	£111	£294	£243	£280
Major Repairs	↑	£512	£478	£218	£1,015	£219	£1,066	£232
Bad debt	↓	£45	£71	£45	£7	£36	£21	£32
Void rent losses	↔	£17	£17		£15		£23	
Total	↓	£2,752	£2,945		£3,332		£3,347	

The above results reflect the significant efficiency savings (identified in Section 6.2.4) made during 2014/2015 leading to reduced management costs per property for the Group. Service costs were also reallocated from management costs during 2014 which has meant these are now becoming more consistent with the average HCA Global Accounts data. Whilst the Group's investment in its stock is higher than the HCA's Global Accounts average, it is in line with the Group's stock condition surveys and ultimately leads to the continued sustainability of its properties.



<sup>15</sup> **Direction of Travel** – key: ↓ - reducing costs; ↑ - increasing costs; ↔ no change. <sup>16</sup> **Global Accounts** – average cost per property across traditional and stock transfer organisations.





The 2014/2015 costs are also benchmarked through Housemark - the peer group used is the Northern Large Scale Voluntary Transfer Organisations with stock over 7,500 properties (group includes 19 other organisations).

KPI	Direction of Travel <sup>17</sup>	Quartile 2015	Ranking 2015	Ranking 2014
Overheads as a % of turnover	↑	Upper	5th	9th
Overheads as a % of direct costs	↑	Upper	2nd	5th
Responsive & Void Repairs - CPP	↑	Upper	2nd (CPP - £654)	5th (CPP - £718)
Percentage of all repairs completed at the first visit	↑	Upper	3rd	4th
% of tenants satisfied with repairs and maintenance		Lower	13th	
Major Works & Cyclical Maintenance - CPP	↔	Middle Lower	12th (CPP - £1,986)	12th (CPP - £1,903)
% of tenants satisfied with the overall quality of their home		Middle Lower	10th	
Housing Management - CPP	↑	Upper	5th (CPP - £366)	6th (CPP - £369)
% of tenants satisfied with their neighbourhood as a place to live		Lower	12th	
Rent Arrears & Collection - CPP	↓	Middle Lower	15th (CPP - £141)	11th (CPP - £120)
% rent collected	↑	Middle Upper	8th	19th
Current tenant rent arrears (net of HB) as a % of rent due	↓	Lower	13th	10th
% of tenants satisfied that rent provides VFM		Lower	11th	

Satisfaction data in the above table for 2015 is based on the 2014 STAR results, no results are provided for 2014 since the previous STAR survey was carried out in 2012.

<sup>17</sup> **Direction of travel key:**

colour measures actual performance against the target; ↑↓ direction of travel measures performance movement between 2013/2014 and 2014/2015.



## Key performance for WCHG for 2014/2015 was measured and benchmarked as below:

Board Indicators Description	Direction of Travel <sup>18</sup>	Target 2014/2015	Actual Performance 2014/2015	Actual Performance 2013/2014	Housemark quartile
% of current rent collection	↑	100%	<b>99.34%</b>	98%	Lower / Median
% of former tenant rent collection	↓	30%	<b>17.65%</b>	35%	Upper
% of current rent arrears	↓	5.39%	<b>5.06%</b>	5.0%	Lower / Median
Property Turnover Percentage	↑	6.0%	<b>5.67%</b>	6.1%	Upper
Total average void turnaround time for properties let in the month (calendar days)	↑	20.25 days	<b>19.99 days</b>	22.3 days	Upper
% of calls - first time fix	↑	90%	<b>89.17%</b>	88%	Upper
Satisfaction with contact centre	↑	98%	<b>98.14%</b>	98%	
Sickness absence	↓	3.25%	<b>3.54%</b>	3.4%	Lower / Median
% of properties having a gas safety inspection within the last twelve months.	↑	100%	<b>100.00%</b>	99.99%	Upper
% of Emergency and Appointable Repairs completed within the target time	↓	99.9%	<b>99.83%</b>	99.9%	Median
% of repairs completed on the first visit	↓	98%	<b>98.93%</b>	99%	Upper
% of customers satisfied with repairs	↑	96%	<b>96.30%</b>	96%	Median

Targets are set in line with objectives, the level of performance that our tenants require and that can be delivered within budget. Peer group used for benchmarking is the Northern Large Scale Voluntary Organisations with more than 7,500 properties.

Satisfaction data used in the above table is based on transactional satisfaction surveys carried out by the Group.

### <sup>18</sup> Direction of travel key:

colour measures actual performance against the target; ↑↓ direction of travel measures performance movement between 2013/2014 and 2014/2015.





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## 2014/2015 continues to have been a challenging year:

- **Rents** – Rent collection has improved in comparison to the previous financial year but we did not achieve the 100% target in week 52, due to an increase in technical arrears at the year end. The largest Housing Benefit schedule, normally worth c£900k, was received in week 1 of 2015/2016 rather than week 52 of 2014/2015 which then had an adverse effect on the collection rate for 2014/2015. As it has been received in this financial year, providing there is no adverse performance issues, we anticipate a collection rate over 100% for this year.

We have set challenging targets for the coming year - rent arrears to be 4.8% of the annual debit compared to 5.39% in the previous year, which will see a reduction of £339k in the overall level of debt.

The former tenant rent arrears (FTAs) was impacted by the FTA arising (the new former tenant debt). During 2014/2015, the FTA arising increased from £507k (for 2013/2014) to £569k (for 2014/2015) due in part to the impact of increased living costs and welfare reforms, as tenants with under occupation charges found that they were unable to maintain their tenancies and sought alternative lower cost accommodation such as living with relatives or friends. As a result, the increase in FTA arising in the year made achieving the target of collecting 30% of the FTA debt extremely difficult - the actual cash collected for the year was £132k (18%), which while below target, represents good performance (Housemark). For 2015/2016, we have revised the FTA collection target to be a fixed amount of £150k and are in the process of procuring one collection agency for the Group which will improve the return on cases referred for collection. We have also revised the FTA Recovery Policy so there is now one harmonised policy for the Group rather than one for each Subsidiary which will give additional efficiencies.

- **Voids** – Voids turnaround has again seen an improvement from 2013/2014 (22.3 days) to 2014/2015 (20.0 days), equating to savings of c£120k relating to maximised rental income and lower associated costs, remaining upper quartile performance (Housemark);
- **Customer Access** – New technology, processes and increased coaching sessions were implemented within 2014/2015 to improve call handling times within the Contact Centre allowing advisors to answer more calls per hour (from 7 calls an hour to 11 calls an hour, an increase of 57%) whilst maintaining accuracy and high levels. The average call handling time dropped from 8

minutes 26 seconds to 5 minutes 23 seconds which ultimately resulted in an increase in calls answered from 87% to 98%.

- **Sickness** – Levels of sickness increased slightly during the year due to an increase in the number of long term cases. Musculoskeletal accounted for nearly 25% of absence closely followed by hospital treatment and recovery. The Group follows a robust procedure of monitoring sickness and maintains close communication with colleagues absent through sickness. Regular Occupational Health clinics take place and there is access to workplace assessments and counselling services when required. Plans for 2015/2016 will focus on developing our response to absence to be preventative rather than reactive. This will include a telephone based triage service, stress management training, strengthening the Attendance Management Policy and introducing specific absence management targets for managers;
- **Repairs & Maintenance** – Gas safety performance remains a key focus for the Group to sustain the 100% performance achieved during 2014/2015. The Group invested by adopting a **10 month inspection cycle** which has ensured no properties have gone outside a 12 month safety check since March 2014. Whilst this has meant financial investment, the Group believes this is worthwhile to ensure the safety of its customers' homes. The Group has also invested in Gas performance systems to ensure our processes are robust.

The Group takes seriously its property repairing obligations and launched the new Group Repairs Policy during the financial year. A right first time approach was adopted and we achieved upper quartile performance as a result at 99%. Satisfaction remains lower than our peers but is on an upward trend. We understand the impact of our policy approach to recharges and enforcing tenants' own repairing responsibilities but focusing on the longer term demand reduction, achieving a 4% decrease in the year. Part of the demand reduction was driven by our targeted renewals programme of key component cost drivers such as electric showers, fires and fans. We have adopted an annual demand review approach ahead of the zero based budgeting cycle to ensure a broader strategic approach to component repair/replacement and to contain future repair costs.



Customer satisfaction feedback is analysed to ensure we can further develop our services to our tenants. The Group regularly carries out tenant satisfaction surveys; during early 2014/2015 we commissioned **STAR**<sup>19</sup> – summarised results are as below:

	2014	2012	% change	Housemark Median
Overall satisfaction with services provided by landlord	<b>86%</b>	91%	-5%	89%
Satisfaction with overall quality of home	<b>86%</b>	88%	-2%	87%
Satisfaction with area as place to live	<b>84%</b>	84%	0%	84%
Satisfaction that rent provides value for money	<b>81%</b>	89%	-8%	83%
Satisfaction with the way the landlord deals with repairs & maintenance	<b>82%</b>	81%	+1%	83%
Satisfaction that the landlord listens to tenant views & acts upon them	<b>77%</b>	83%	-6%	76%

There have been considerable changes to the economic climate for our tenants since the 2012 survey. The Government's welfare reform agenda commenced which impacted tenants through the bedroom tax and Universal Credit. 3,337 of our tenants were impacted by the bedroom tax (assessed at April 2013), falling to just over 2,500 of our tenants currently. Inflation, especially fuel has hit tenants whilst salaries have remained static. The Group's 2014 results were further analysed with age being identified as a significant factor - the younger demographic sampled led to lower scores in all indicators. This is also linked to the Group letting to more working families in the past year who have higher expectation levels of the services they expect to receive.

These results have led to a STAR Action Plan which has been used to further develop the Group's Corporate Plan and Service Plans for 2015/2016, which includes the development of a Youth Forum for Wythenshawe engaging young people locally.

The Star Action Plan includes a targeted approach to those Neighbourhoods with poorer performance to establish further the scale of issues, and solutions put in place to address, but we will also continue to work in all our Neighbourhoods to improve satisfaction levels with measures linked to the STAR feedback.

## 6.2.4 VFM achievements:

For the year 2014/2015, the Group delivered total VFM achievements of £3.8 million which can be split between £0.4 million relating to the Group structure (in line with the target set) and £3.4 million relating to additional VFM savings against a VFM target of £1.2 million (set out in the 2014 VFM Self-Assessment).

Using efficiency gains as a % of turnover as a measure, this would give 6.26% for the Group for 2015 (7.08% for 2014), which can be benchmarked against the

PlaceShaper members where the % efficiency gains calculated for LSVTs for 2014 was 3.44%, or alternatively 2.73% for similar RPs (with stock over 10,000 units).

One-off transition costs (£0.5million) relating to the Group structure were also incurred in 2014/2015, which were much lower than the approved business case mainly due to the acceleration of the delivery of the Group's transition plan.

	Actual efficiency savings	Expected efficiency savings
Direct VFM achievements (section A)	<b>£3.4m</b>	£0.8m
Group Structure efficiencies (section B)	<b>£0.4m</b>	£0.4m
Total VFM achievements	<b>£3.8m</b>	£1.2m

<sup>19</sup> **STAR** - Survey of Tenants and Residents



A) Direct VFM achievements were £3.4m as detailed below:

Service Area	VFM savings planned	VFM savings unplanned	Total VFM savings
Development & Investment	£239k	£2.145m	£2.384m
Housing Management	£528k	£223k	£751k
Community Investment	£57k	£98k	£155k
Wythenshawe Works	£35k	£76k	£111k
Support	-	£20k	£20k
<b>Total</b>	<b>£859k</b>	<b>£2.562m</b>	<b>£3.421m</b>

Progress against VFM targets set in the 2014 VFM self-assessment is identified over the following pages with \*.

**i) Development & Investment - £2.384m** – This service area manages and delivers the investment in our tenants' homes, the delivery of new housing provision and environmental investment in the neighbourhood. VFM savings delivered in 2014/2015 included:

- **Demolition of Greenbrow Road** – 108 properties had been identified previously as structurally beyond economic repair, the final position for the demolition of these properties was **£865k** below budget, achieved through a combination of tender efficiency £500k and £365k from other factors, such as emptying the blocks ahead of schedule, reprogramming service diversions to coincide with development works, recycling of components and site security;
- **£36k\*** from brick cleaning and pointing, new tender prices have given slightly reduced pricing for this work - this saving was recycled to enable a slight acceleration of the programme to deliver more for the same;
- **£192k\*** reroofing, the contract for works not undertaken by Wythenshawe Works has been consolidated with Jennings roofing resulting in a saving in the region of £1,143 per property for the 168 units undertaken in West Wythenshawe;
- **£111k\*** for boiler upgrades, the contracts for this work have been consolidated into one with Heatcraft resulting in a small saving of around £85 per property for the 130 upgrades undertaken in the West;
- **£20k** was achieved through reprogramming the external painting and repair works;

- **£30k** saving from the environmental investment contract which has been retendered and now includes small value jobs undertaken via Wythenshawe Works. This achieved a small saving on like for like prices however instances increased resulting in an overall increased spend;
- The design element of the environmental investment work has been retendered saving **c£20k** through a reduced fee basis;
- The Investment Team have supported the Community Investment Team in the procurement of works related to the Geo-dome, market kitchens for the Real Foods team and development of leases for the hire of sales space, saving approximately **£5k** in consultant costs;
- The procurement of free training in relation to changes in the CDM<sup>20</sup> regulations saving circa **£5k** on comparable training;
- The approach to tendering the 72 homes under the AHGP<sup>21</sup> schemes achieved a price **c£200k** lower than if procured in a more traditional or framework approach;
- The Design consultants for the thirteen AHP schemes have been procured in one package resulting in **c£220k** saving between 2015 to 2018. Because the design elements take place ahead of the actual build most of this saving will be achieved during 2015 (£150k);
- The Group was successful in claiming further grant of **c£300k** from the HCA for the Glade Brook development scheme, in support of the Government's housing policy;

<sup>20</sup> CDM – Construction Design and Management Regulations <sup>21</sup> AHGP – Affordable Homes Guarantees Programme



- Working with the City Council to obtain land for free on all AHGP and the inclusion time limited overage clauses to negate any ground rent is valued at **c£500k**;
- Warranty changes from NHBC<sup>22</sup> to LABC<sup>23</sup> leading to 20% reduction without compromising value, a saving across the entire new build programme of **c£50k**.

## ii) Housing Management - £751k:

**a) Allocations - £182k** – VFM savings were achieved from reducing the average void turnaround time by 2.3 days from 22.3 days in 2013/2014 to 20.0 days in 2014/2015 (c£120k from maximised rental income and reduced associated voids costs); introduction of online applications leading to a reduction in officer time (c£26k) and a reduction in the cost of voids due to back to back lettings (c£36k).

The service is benchmarked with the RSL liaison Group and Housemark. Void turnaround at 19.99 days is Upper Quartile performance within Housemark.

**b) Neighbourhoods - £67k** – Related to reduced legal costs as a result of reviewing in-house processes (£27k), and a reduction in garden maintenance costs due to improvement enforcement (£40k).

The service uses Housemark and local benchmarking (RP group) and regional (Airport Group), particularly tracking tenancy turnover this year. The results have shown that the Group's turnover has remained stable, whilst other providers have noticed increases.

**c) Community Safety - £488k** – This relates to the reduction in acquisitive and ASB related crime over the area which can be estimated as having saved the public purse £480k\*, with the balancing efficiencies obtained from improved processes. The Community Safety Service supports and works alongside key partners in order to help reduce the incidents of crime, nuisance and ASB in the Wythenshawe area which has contributed to a stable turnover and consistently high demand for our properties.

The service was benchmarked using the National Housemark ASB Service Benchmarking Group; the Regional LSVT Housemark Benchmarking Group and the city wide ASB Networking Group. ASB Satisfaction for the Group was 99.38%, this places the Group amongst the top performer as the upper quartile is 94%.

During 2014/2015, the Group has also been working towards developing SROI measures for the ASB service, identifying a social return of £2.5m, and a social return ratio of 1:5 - this will also be used to benchmark this area against our peers.

**d) Resident Involvement - £14k** – 18 days of internal training was delivered by the Group rather than specialist providers saving £14k.

During 2014/2015 we established an informal benchmarking group consisting of Manchester LSVTs and this demonstrated that WCHG has the most cost effective Involvement Service when broken down to cost per property (CPP), of a sample size of 5 local RPs.

**iii) Community Investment - £155k** – This service area aims to develop Wythenshawe as a community where people choose to live and work. VFM improvements during the year 2014/2015 included:

- Implementation of a new staffing structure at the Lifestyle centre (saving £57k);\*
- Implementation of a new staffing structure at the Enterprise Centre (saving £14k);
- Successful application for grants during the year from a range of funders including the local authority, BIG Lottery Fund and Heritage Lottery Fund (£54k);
- Partnership with Salford University to measure the impact of the Real Food Wythenshawe programme with consultancy and delivery support from PhD students (value of £30k).

Further insight on the Group's investment and achievements is included in the Community Investment publications:

<http://www.wchg.org.uk/community-investment-brochures/>

<sup>22</sup> NHBC – National House Building Council <sup>23</sup> LABC – Local Authority Building Control

\* Reduction in acquisitive crimes - £330k - this is based on the Home Office Research Study Report 30/05 "The Economic and Social Cost of Crime", which determined the average cost per crime at £2k, and a reduction in crime numbers by 165 (7%). Reduction in ASB related crimes - £150k - this is based on the 2014 Baker Tilly report, which calculated the average cost of ASB related incidents at £250, and a reduction in ASB related incidents reported by 604 (10%).



Benchmarking conducted for this service area in addition to the Social Return on Investment included a review of our youth provision by Manchester City Council which rated WCHG as one of the top-performing suppliers of similar youth services across Manchester.

**iv) Wythenshawe Works - £111k** – This service area covers the provision of Responsive Repairs, Voids, Planned Works and Environmental Services to the Group's housing properties. VFM savings achieved during 2014/2015 were £111k relating to the following:

- Sale of reclaimed tiles and slates and improved recycling (£27k);\*
- Robust management of suppliers and our demands for improved rates and better warranties (£24k);
- Training provided to local police on breaching our properties without damaging front doors with specialist access kits (£29k);

- Adopting new kitchen repair supplier which prevents some kitchens from being prematurely replaced (£23k);
- Improved internal process (£8k).

Wythenshawe Works continue to seek out operational efficiencies on an on-going basis for the Group which will include:

- A detailed review of the materials supply chain and 'stores' function will conclude in 2015/2016 to further reduce stock holding levels and free up operatives time from improving technology and performance management techniques;
- Fleet renewal to maximise efficiency and reliability of our operations whilst also promoting our brand and supporting presence across the estates;
- Delivery of planned maintenance in-house for workstreams where we can deliver choice, quality and efficiency against external contractors;
- Procurement reviews of sub-contractors and suppliers to standardise and maximise efficiencies from our maintenance activity across the stock.





## v) Support - £20k:

**a) Finance - £20k** – VFM savings include £18k relating to improved processes, £2k relating to change in supplier for credit cards. Achievements were measured as follows:

- Zero based budgeting;
- 97% satisfaction with budget monitoring;
- Management accounts produced within 4 days;
- Clean audit report for all three statutory accounts.

Using Finance costs as a percentage of total income, the Group compared favourably within the Housemark group. Additional benchmarking through BOB (Back Office Benchmarking developed by Baker Tilly) would indicate the Finance Team is in the upper quartile for cost per property.

**b) ICT** – VFM savings include efficiencies identified from the Group's mobile telephony system upgrade - the new telephony system is also realising productivity savings which is having a positive effect within the contact centre at efficient call management and throughout the wider Group via voicemail, presence and instant messaging. Achievements were measured as follows:

- 99.27% satisfaction with the ICT service for the year 2014/2015;
- 90.5% satisfaction following the implementation of the new printing system.

Housemark data would confirm the Group is within the upper quartile range for ICT costs per ICT user, comparing very favourably within the peer group. Benchmarking results through BOB show that the ICT Team is again upper quartile, in a peer group of Northern RPs.

**c) Financial Inclusion** - The Group helped customers to obtain financial gains totalling £3.6m during 2014/2015, an increase of £0.4m against the gains achieved during the previous year 2013/2014.

The financial inclusion service is currently benchmarked against our peers locally on an annual basis – we have benchmarked a number of outputs (such as the number of cases opened and financial gains achieved against resources allocated to financial inclusion and costs) where we compare favourably.

A SROI assessment was carried out during 2014/2015, giving a social return of £0.5m, and a social impact ratio of 1:2 for this area - this data will also be benchmarked against other organisations using the same SROI model.

**d) Customer Access** - This service delivers front line services for our tenants and supports tenants and managers through the complaints process and all other feedback received by the Group. Achievements were measured as follows:

- Delivery of the new Contact Centre telephony solution enabled the Subsidiary Contact Centre opening times to be harmonised and utilising existing staff we have been able to provide an additional 2.5hrs service to PGHT tenants per week, leading to an increase of 2.5%;
- By reducing the average call handling time from an average of 8 minutes and 26 seconds for a call to 5 minutes 23 seconds has resulted in increased productivity of the Contact Centre team allowing each advisor on average to handle 57% more calls per hour and this has increased the overall % of calls answered from 87% to just under 98%;
- A detailed review of the out of hours call handling service resulted in all out of hours repairs calls being handled in-house from September 2014, which will deliver efficiencies to the Group of £15k annually from 2015/2016.

The Group is an active member of 2 benchmarking Groups, ContactNet facilitated by the Northern Housing Consortium and North West Benchmarking Group which is a located group facilitated by members of the group on a volunteer basis. Complaints performance is also quarterly benchmarked via the Housemark Complaints Forum.

*\* Reduction in acquisitive crimes - £330k - this is based on the Home Office Research Study Report 30/05 "The Economic and Social Cost of Crime", which determined the average cost per crime at £2k, and a reduction in crime numbers by 165 (7%). Reduction in ASB related crimes - £150k - this is based on the 2014 Baker Tilly report, which calculated the average cost of ASB related incidents at £250, and a reduction in ASB related incidents reported by 604 (10%).*



## B) Group structure efficiencies:

The Group structure took effect from 1 April 2013 bringing together PGHT and WPHT. Whilst ensuring the Group's focus remained on the delivery of its services to tenants, the continued harmonisation of structures, operations and joint procurement across the Group during 2014/2015 realised additional actual savings of £0.4 million, leading to annual recurring efficiency savings of £4.0 million, higher than the recurring efficiency savings anticipated in the approved business case (£2.2 million) as below:

Area	Actual Recurring Efficiency Savings	Expected Recurring Efficiency Savings	Delivery
Stock Investment	<b>£1.247m</b>	<b>£643k</b>	The Property Services restructure was completed in October 2013 delivering annual efficiency savings of £1.004m (expected savings were £643k). Further savings of £243k were also realised where contracts were brought in house resulting in VAT savings that would have been incurred had the contracts been outsourced (related to grounds maintenance) and where contracts were consolidated (Pest Control).
Support	<b>£1.247m</b>	<b>£906k</b>	The full year effect of harmonisation of the Finance, ICT, Business Improvement and Human Resources services across the Group delivered efficiency savings of £1.247m for the year 2014/2015 (expected savings were £906k).
Housing Management	<b>£710k</b>	<b>£256k</b>	The Housing Services restructure was completed in October 2013, whilst the restructure of the Rents team took effect from April 2013.
Central	<b>£562k</b>	<b>£374k</b>	The establishment of the Group's Senior Team Structure was completed early in the year 2013/2014.
Customer Access	<b>£211k</b>	<b>£66k</b>	The first phase of the Contact Centre restructure was completed in October 2013; the second phase is due to be completed by September 2015.
<b>Total</b>	<b>£3.977m</b>	<b>£2.245m</b>	

Since implementation of the Group structure in 2013, WCHG has delivered a total of £7.4 million (£3.466m in 2013/2014 & £3.977m in 2014/2015) efficiencies against a target of £4.5 million over the previous two years, higher than expected by £2.9 million.





The Group has a track record of improving its performance, achieving the following service focused accreditations:

Trust	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
PGHT	Investors in People Gold / Champions; 1st housing organisation to receive the Health and Wellbeing award				
WPHT	Investors in People Silver	Investors In People Gold; Health and Wellbeing award			
WCHG			Customer Service Excellence; Housing Diversity Network; Fair Train Gold; Living Wage Accreditation	IIP Gold Customer Service Excellence HQN Accreditation – Repairs & Maintenance and Gas Servicing	Housemark accreditation – Community Safety; Complaints; TPAS accreditation – Resident Involvement



## 6.3 Treasury Management

The Group's activities are supported by loan funding as detailed below:

Trust	Funder	Loan Facility	Loans drawn	Current headroom
PGHT	RBS	£54m	£45.2m	£8.8m
WPHT	Nationwide & Santander	£90m	£80m	£10m
<b>Total</b>		<b>£144m</b>	<b>£125.2m</b>	<b>£18.8m</b>

The majority of the Group's housing properties are charged to the relevant funders in line with the loan agreements. Uncharged properties relate to new developments and acquisitions and will be charged over the forthcoming year. The assets of the Group currently provide loan security as below:

Trust	Loan Facility	Security	Asset Cover Ratio
PGHT	£54m	£119m	2.20
WPHT	£90m	£191m	2.12
<b>Total</b>	<b>£144m</b>	<b>£310m</b>	<b>2.15</b>

Based on asset cover requirements of 110%, the Group has scope for additional funding of c£130m. Given the challenging operating environment and the Board's low appetite for risk in such circumstances, the Board takes a prudent approach and as such, surpluses and spare capacity are to be utilised on achieving the Group's business objectives, as identified in Section 6.4.

The Group protects itself against the full impact of uncertainty and, in particular, interest rate increases by having an appropriate proportion of its debt at fixed rates.



The Group's effective interest rate for 2015 was 4.5% (PGHT – 3.6% due to a larger proportion of its debt on a variable rate; WPHT – 4.9%) which is lower than the sector's average effective interest rate of 4.7% for 2014 (and in line with the sector's average rate of 4.5% for LSVTs). Recent stock valuations (based on **EUV-SH: Existing Use Value for Social Housing**) are as below:

Subsidiary	2012/2013 Valuation	Return on capital employed	2013/2014 Valuation	Return on capital employed	2014/2015 Valuation	Return on capital employed
PGHT	£108m	6.01%	£118m	2.78%	£119m	8.57%
WPHT	£190m	2.53%	£190m	8.06%	£191m	10.82%
<b>Total</b>	<b>£298m</b>	<b>4.02%</b>	<b>£308m</b>	<b>5.72%</b>	<b>£310m</b>	<b>9.82%</b>

Return on capital employed is the operating surplus as a percentage of the capital employed for each Subsidiary. The significant changes in this measure over the last three years are due to the following:

- the efficiencies achieved as a result of the Group structure leading to reduced operating costs;
- PGHT previously supported by Gap Funding (ended in 2012/2013), this has meant that turnover for 2013/2014 was lower which reflects the fall in its return on capital employed.

As expected, return on capital employed has increased for 2014/2015 for both subsidiaries as further efficiency savings have been achieved.

The HCA's Global Accounts 2014 indicate an average return on capital employed for LSVTs in 2013/2014 at 5.22%, and 5.35% for traditional RPs.

The Group sets and charges rents in accordance with the Rents Restructuring Policy, and does not currently utilise the additional 5% tolerance on its charged rents. From April 2015, the Group has applied an annual rent increase of CPI plus 1% in line with the agreed formula. The effect of this has been assessed as part of the annual review of the Group's Business Plans, and remains comfortably within the constraints of the Group's existing loan facilities.

Following the recent Budget announcement where rents for social housing will be reduced by 1% a year for 4 years from April 2016, the Group is currently considering the financial implications of this and will be working on looking at how we can meet these significant challenges whilst safeguarding the Group's assets and services.

Updated business plans are currently being prepared based on revised operating cost targets, with the aim of meeting the above challenges.

The Group will be reviewing its asset and liability registers during 2015/2016 to ensure complete and in line with HCA's revised Regulatory Framework.





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## 6.4 How gains will be reinvested to achieve more VFM

**The Group is required to retain surpluses in line with its Business Plans in order to meet the repayment requirements of the Group's Funders.**

Regular reports on financial performance are reviewed by the Group and Subsidiary Boards. As noted in earlier sections, efficiencies have been made as part of the two organisations (PGHT & WPHT) coming together and how these efficiencies are to be invested will be discussed with the Boards at the formal Board meetings and the Board Awaydays.

It is important however that the impact of the changes that Welfare Reform, Universal Credit, and the recent Budget will bring is understood before any re-investment decisions are taken to ensure that the Group's resources are utilised in the most effective way.

The Group has an approved development programme of 496 units consisting of houses, bungalows and apartments including the Village 135 extra care development. The programme has 287 affordable rent, 139 shared ownership, 60 outright sale and 10 market rent units. The business plan has been stressed tested and sensitivity tested to include the programme and this is reviewed regularly in light of building cost increases. The build programme runs until December 2017.

The Group invests in a range of community schemes (covering employment and skills, education, community and financial inclusion, youth, health, community safety and involvement) to support and promote regeneration within the area.

The Group's additional investment in its properties (e.g. showers over baths, environmental) ensures they meet the Decent Homes Plus standard ('Wythenshawe Standard').

The Group continually seeks to identify viable options where new homes can be developed to meet the government's demand for granting pathway to home ownership.

The Group's aim is that VFM savings made will be reinvested into the Group in order that services can be sustained or further improved for customers during a period of considerable reform within Housing.





## 7 Gains planned for 2015/2016

The Group has a VFM tracker which will seek to capture all VFM savings during the year 2015/2016 as they occur to ensure forecast gains can be delivered.



Total VFM gains planned for 2015/2016 are c£2.6 million as follows:

- direct VFM gains identified below for 2015/2016 are c£2.1 million;
- efficiency savings of £491k (leading to a forecast of annual recurring efficiency savings of c£4.5 million) as a result of the Group structure.

The implications of the 1% rent reduction for the next 4 years along with Welfare Reform, are being considered and are likely to result in revised operating cost targets.

Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Community Safety	Continued support for ongoing police and partner operations aimed at reducing ASB, and crime particularly criminal damage, burglary and vehicle crime.	Should these crimes fall by a further 7% (a reduction of 135), the potential savings to the public purse in the Wythenshawe area would be <b>£270k</b> .  Likewise should the number of ASB related incidents reported to the police fall by a further 5% (a reduction of 400), the potential savings to the public purse would be a further <b>£100k</b> .	A continued reduction in crime and ASB has a positive impact for tenants, saves police and ASB officers' time, improves the perception and image of the area and also reduces damage to WCHG's properties.  Contributes towards lower void turnover and reduced void costs.
Investment	The ECO <sup>24</sup> scheme at the multi storey blocks has now been funded through internal resource rather than using private equity finance as originally intended.	This will create a <b>£50k</b> saving over three years, of which <b>£30k</b> to be achieved during 2015/2016.	Reduced costs to the investment programme leading to accelerated programmes.
Investment	In addition the grant attained for the ECO scheme will save approximately £1.3m against the un-assisted costs that would have been incurred if the works had been undertaken in the traditional route.	£1.3m over a three year period: <ul style="list-style-type: none"> <li>• 2015/2016 - <b>£1m</b>;</li> <li>• 2016/2017 - <b>£150k</b>;</li> <li>• 2017/2018 - <b>£150k</b>.</li> </ul>	Reduced cost to the investment programme leading to accelerated programmes.
Investment	The Cavity Wall and Loft Insulation programme has been relet and will provide increased grant income.	This will generate around <b>£100k</b> of efficiency during 2015/2016.	Reduced cost to the investment programme leading to accelerated programmes.
Investment	The kitchen programme has been let via Procure Plus achieving an anticipated £100 per kitchen saving.	<b>£25k</b> annual recurring saving plus <b>£10k</b> one off saving in procurement costs.	
Development	The internalisation of the sales team for all new build programmes.	<b>£260k</b> less than the prices received for the outsourced option, over a three year period - <b>£86k</b> to be achieved during 2015/2016.	Reduced costs associated with the sales of new homes.

<sup>24</sup> **ECO** – Energy Company Obligation. The Group's ECO project includes the installation of a Bio Mass communal heating system to replace the existing, poorly performing gas heating at three tower blocks and electric heating at one tower block, to be completed by the autumn of 2015.

\* This is based on the Home Office Research Study Report 30/05 "The Economic and Social Cost of Crime", which determined the average cost per crime at £2k, and an estimated reduction in crime numbers by 135 for 2015/2016. The average cost of ASB related incidents is based on the 2014 Baker Tilly report, which calculated the average cost of ASB related incidents at £250, and an estimated reduction in ASB related incidents reported by 400 for 2015/2016.



Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Wythenshawe Works	Reduced number of fleet vehicles.	A financial saving of <b>£75k.</b>	More focussed use of DLO fleet vehicles as part of service delivery.  Reduction in carbon emissions and local traffic.
Wythenshawe Works	Out of Hours call out arrangements.	A financial saving of <b>£34k.</b>	Same for less provision on Out of Hours service.
Wythenshawe Works	Caretaking service.	A cost saving of <b>£14k.</b>	Same for less caretaking service.
Wythenshawe Works	Roof TV aerials and digital inclusion.	A cost saving of <b>£12k.</b>	Increased access to on line services and income generation.
Wythenshawe Works	Focus on recovering and recycling scrap metal.	Additional income of <b>£5k.</b>	Increased income from waste disposal & scrap recovery.
Wythenshawe Works	Introduction of seasonal hours working patterns for gas engineers.	A cost saving of <b>£13k.</b>	Reduction in use of subcontractors.  Improved response times during winter months.
Wythenshawe Works	Reduction in staffing levels by 5 FTE or 2% of workforce.	A cost saving of <b>£150k.</b>	Same for less.
Wythenshawe Works	Reduction in use of sub-contractors.	<b>2% (£24k)</b> of sub-contractor budget.	Same for less.
Wythenshawe Works	Reduced cost of providing hi visibility uniform.	A cost saving of <b>£10k.</b>	More for less.
Wythenshawe Works	Introduction of mobile PDA's for gas team to reduce administration.	A cost saving of <b>£14k.</b>	No need for agency cover; same for less.
Wythenshawe Works	Reduction in number or repeat visits to reports of damp.	A cost saving of <b>£68k.</b>	Increased capacity;  reduced duplication and quicker appointments for customers.
ICT	Efficiencies from the new print and voice systems.	A cost saving of <b>£55k.</b>	SIP (Session Initiation Protocol) connectivity to be introduced late 2015 allowing the Group to use more advanced call process features, a reduced print output across the Group and a change in practices to Board and Committee pack print runs.
ICT	A reduction in Orchard consultancy costs due to capability of delivery of non-Orchard solutions in-house with the Dynamics system.	A cost saving of <b>£40k.</b>	MS Dynamics workflows to replace Orchard worktrays, ensuring solutions to business requirements are timelier, flexible and bespoke to the Group. Reduced costs to the Group.
Customer Access	Improved service provided - the previous out-sourced provider was working to a target of 80% of calls answered within 30 seconds, the in-house target is 90% of calls answered within 30 seconds (current performance is at 94%).	A cost saving of <b>£15k.</b>	All out of hours repairs calls handled in-house, whilst delivering a cost saving, and an improved service.
<b>TOTAL</b>		<b>£2.150m</b>	

As part of the strategic review of the Group's Procurement Strategy, we will continue to look at how effectively we can use economies of scale to deliver 5% savings through the Procurement Strategy over a 5 year period.



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# 8 VFM Action Plan 2015/2016

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The VFM Action Plan for the Group  
for the following year is:

Objective	Action	Responsibility
Deliver 2015/2016 efficiency savings.	To manage and achieve efficiency savings of c£2.6m for 2015/2016 and to continue to ensure VFM is embedded within the Group, through training, and performance management.	Senior Management
Use return on asset data to further support disposal and investment strategies.	To improve analysis of IPD data and better inform disposal and investment decisions.	Senior Management
Further increase awareness of social impact across the Group.	To roll out methodology to more business areas across the Group; work with other RPs to further develop the HACT model.	Senior Management
Maximise environmental returns.	Implement the Group's Environmental Sustainable Strategy.	Senior Management
Enhance tenant involvement.	Future VFM targets to be set based on consultation with tenants.	Tenant Committee Senior Management
Review support services provided to tenants.	To implement a structured assessment modelled on the MCC model and linked to outcomes and financial savings for the Group.	Senior Management



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## 9 Summary & Dissemination

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**The Group believes that it complies with the HCA's VFM Standard and has demonstrated this within the Group's 2015 VFM Self-Assessment.**

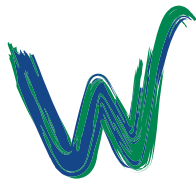
The Group has during the year ended 31 March 2015 delivered VFM savings of £3.8 million, which can be split between £0.4 million relating to the Group structure (in line with the target set) and £3.4 million relating to additional VFM savings against a VFM target of £1.2 million (set out in the 2014 VFM Self-Assessment).

The Group has also identified an additional £2.6 million for 2015/2016, which can be split between £0.5 million of new Group efficiency savings and £2.1 million of other VFM gains.

The Group's VFM Self-Assessment 2015 will be made accessible to its stakeholders through the following methods:

- the full VFM Self-Assessment will be on the Group's and Subsidiaries' websites;
- a summary is included within the Operating and Financial Review, as part of the Statutory Accounts. The Statutory Accounts will include a hyperlink to allow direct access to the full self-assessment for all users;
- a tenant summary to be contained within the Annual Report to Tenants and also through the quarterly Newsletter to Residents, copies to be available at the Tenant Conference;
- staff will be kept updated through monthly departmental briefings, team meetings and staff newsletters;
- social media - link to the full assessment on Facebook and Twitter.





Wythenshawe  
Community Housing Group

## Contact Us

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**t: 0800 633 5500**

FREE FROM A LANDLINE

**t: 0300 111 0000**

LOCAL RATE FROM A MOBILE

(if not included in free bundle minutes)

### **Parkway Green**

Parkway Green House

460 Palatine Road, Northenden M22 4DJ

### **Willow Park**

Wythenshawe House,

8 Poundswick Lane, Wythenshawe, Manchester M22 9TA