

Value for Money

2016 Self-Assessment



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Foreword from Councillor Glynn Evans, Group Board VFM Champion

“The Group has again delivered significant efficiency savings for 2015/2016 (£2.9m), and identified a further £1.5m for 2016/2017. We will continue to ensure VFM remains key to everything we do to support the financial viability of the Group, in the ever changing operating environment.”



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 £2.2million annually. To date, the Group has achieved annual Group efficiencies of £4.3 million (Section 6).

For the year ended 31 March 2016, WCHG delivered the following:

- The Group identified and delivered savings of **£2.9 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;
- **72 new homes** were built (34 affordable rent, 10 market rent and 28 shared ownership) and transferred into management during the year - the Group will complete 451 new homes (Village 135 will yield 135 new homes, the Affordable Homes Programme includes a further 316 new homes) between 2016 and 2018;
- A social return of **£21.6 million** across a number of community investment schemes (employment & skills; youth & education; health & wellbeing; financial inclusion; community safety; social housing; and Wythenshawe Garden City) on an investment of £3.6 million. The Group will continue extending its approach to measuring social return across the Group's remaining service areas.

For 2016/2017, the Group has set a Value for Money (VFM) target of **£1.5 million** whilst also further improving its analysis of the Group's asset modelling data, and working with other organisations to continue to develop social value reporting methodology.

2 WCHG's Vision & Challenges

WCHG's vision is to create:

“Communities where people choose to live and work, having pride in their homes and value the services.”

The values of the Group are built upon

Honesty

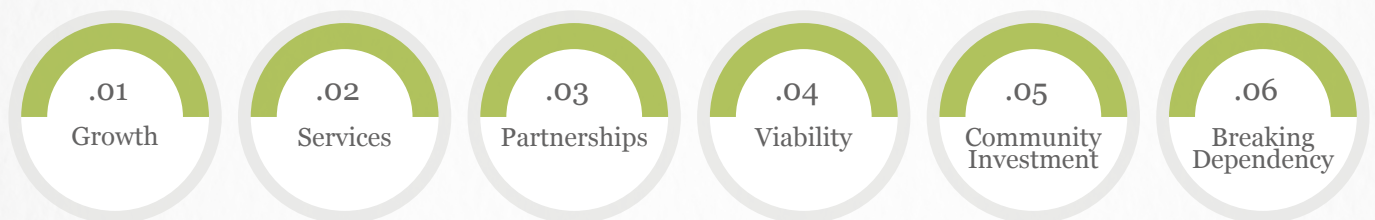
Respect

Communication

Teamwork

Passion

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



which we aim to deliver by 2020. The Strategic Plan was recently updated (2nd Edition) to reflect the changing operating environment for the WCHG to ensure it remains fit for purpose.

Each of the above key challenges will continue to be the subject of strategic focus throughout the next 4 years, supported by the Group's delivery of the 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/>

3 Strategic Approach to VFM

The Regulatory Framework for Social Housing in England was published by the HCA¹ in March 2012 and came into force on 1 April 2012. This introduced the VFM Standard which set out the Board's responsibilities for ensuring that VFM is promoted, developed and communicated across the Group. The VFM Standard 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.

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

The Group's VFM Strategy 2014-2017 was developed and approved by the Group and Subsidiary Boards in May 2014, and is reviewed annually with a formal review planned for 2017; 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:

1 Develop the understanding of staff and promote a VFM culture within the Group;

2 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;

3 Ensure that VFM products or services are delivered to tenants (Section 6); and

4 Ensure compliance with the HCA's VFM Standard.

¹ HCA - Homes and Communities Agency

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 – the plans are approved by the Parent and Subsidiary Boards and the relevant Funders annually. The Group's business plans continue to be 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 leading to tighter budgets.

3.3 The Tenant Service Review Group (SRG) reviews service delivery and performance management information, allowing tenants to hold the Group accountable for VFM, and to influence resource allocation. To date SRG have carried out reviews across 8 areas of the business. During 2015/2016, two front line Service Reviews were carried out as below:

- Communal Grass Cutting;
- ASB Customer Journey.

31 recommendations for improvement have been made (and approved) across these two service areas. Amongst these are some good examples of the SRG applying VFM principles. For example the ASB review recommended that we make better use of our 'out of hours' resources in our Assure 24 Team. Panels have also made valuable changes to how we spend money on transport and catering which saves c£10k per annum.

3.4 The Group has 6 Service Panels, each meet on a quarterly basis to review and monitor performance across front line services. These Service Panels (Community Safety, Home, Involvement, Rents & Financial Inclusion, Tenancy, and VFM) remain key to shaping the Group's policies and strategies prior to presenting to the Tenant Committee for approval.

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

The Group also has a robust performance management framework which during 2015/2016 was led by the Corporate Performance Group (made up of senior managers from across all service areas of the Group), which reviewed monthly performance through Key Performance Indicators, satisfaction and financial data, and reported to the Group Leadership Team (GLT) and Board.

The Group's Business Intelligence System (Qlik) enhances 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.

In the Group's Corporate Plan a specific VFM objective is included for each service area ensuring VFM is 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 through performance targets which are monitored through the monthly one-to-ones and appraisal reviews.

The target for management accounts production has been moved from 4 days after the month end to 3 days with effect from 1 July 2016; this target will then be further reduced to working day 2 for the 2017/2018 financial year. More timely management information will enable better informed decision making. It is hoped that the reduction in production time will be achieved through the automation of processes, freeing up finance team members to assist budget holders to generate further efficiencies throughout the business.

3.6 External Performance Management – the Annual Report (combined with the VFM summary version of the VFM Self-Assessment) 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.



4 Stakeholders

Stakeholders are key to the Group for setting our VFM approach and targets and have been instrumental in the development of the VFM ethos across the Group and assist in scrutinising and monitoring performance.

For WCHG, stakeholders are recognized 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 (100%).</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 ² & 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>The Group is a key player in the Manchester Move partnership; the City's choice based lettings service. The partnership continues to provide efficiencies and these can be seen in the savings of VAT of c£20k per annum as result of the Manchester Move cost now being exempt from VAT. The partnership successfully challenged HMRC on whether VAT is payable, as a result WCHG is also due to receive c£80k as a refund of VAT paid to date.</p> <p>We continue to support MCC through their Confident and Achieving Manchester programmes.</p> <p>We support the 'Troubled Families Two' initiative which provides intensive support to families on a holistic basis to tackle the root causes of problems and issues. The 2015/2016 VFM action plan included a review of support services to our tenants - working with MCC and other partners, we have developed a Key Worker model, alongside an Assessment Officer which ensures that all of our Tenancy Support cases now receive a consistent assessment and agree support plans at the start of their support journey. We utilise tools developed with partners to offer Early Help to try to resolve support needs at the lower level, which in time will reduce costs further and promote independence. During 2015/2016, we were able to secure £16.8k in payment by results.</p> <p>We are a key stakeholder within the South Early Help Hub and the city wide MASH (Multi Agency Safeguarding Hub) which has strengthened our links with other stakeholders, as well as ensuring Housing is represented and able to provide appropriate information, often providing the missing piece of the jigsaw, when looking at cases holistically.</p> <p>We also act as a hub for youth work in Wythenshawe, chairing the Wythenshawe Youth Alliance and bringing together youth work organisations locally to share resources, work on quality assurance and apply for funding. Funding from MCC enables us to deliver youth work across five sites in Wythenshawe and has enabled us to leverage in additional funding from other partners.</p> <p>We are working with MCC to develop an independent Youth & Play Trust for Manchester. The aim is to attract new investment to youth and play services across Manchester – improving outcomes for our young people.</p> <p>The Group delivers grounds maintenance services across Wythenshawe in partnership with Manchester City Council. The Group directly manages the City Council's team which is co-located at the Group's depot. This has now been in place for 2 years and generates efficiencies equating to c£35k for both WCHG and MCC driven through shared management and overhead costs, and raised standards for local residents. The Group is developing joint proposals for 2017 regarding the local parks maintenance to further drive efficiencies and raise standards for the garden city of Wythenshawe.</p>
AGMA / GMCA ³	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 currently delivering one of the largest programmes of new housing developments by an RP in Manchester making a significant contribution to the total LCHO⁴ in the Manchester City region. The Group's approved development programme (see section 6.4) of 316 homes includes 92 shared ownership properties, 24 properties for outright sale and 200 homes for affordable rent.</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 CCG⁵ to develop a solution within Village 135 to provide 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>WCHG are the lead provider of Aids and Adaptations on behalf of MCC for Wythenshawe and deliver adaptations to all RP stock in the area on behalf of MEAP (Manchester Equipment & Adaptations Partnership). This lead partnership role is part of driving efficiencies, providing assistance to people with disabilities to stay independent in their own home and the Group funding 40% of the cost to any adaptations with the remaining 60% DFG⁶.</p>

² MCC – Manchester City Council ³ AGMA / GMCA – Association of Greater Manchester Authorities / Greater Manchester Combined Authority

⁴ LCHO – Low Cost Home Ownership ⁵ CCG – Clinical Commissioning Group ⁶ DFG – Disabled Facilities Grant

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 72 new homes in 2015/2016, as well as the longer term development programme of 451 properties between 2016 and 2018.</p>
Partner organisations	<p>The Group works with a number of other partners such as:</p> <ul style="list-style-type: none"> • JV⁷ North – development consortium; • Procurement Frameworks, e.g. Procure Plus, Pfh⁸, Cirrus⁹; • Local schools and colleges (e.g. MEA¹⁰); • BIG Lottery Fund; • Manchester United Foundation; • Heritage Lottery Fund; • Job Centre Plus and other local employers; • Neighbourhood Development Programme; • Carbon Literacy Programme; • Local Enterprise Partnership; • Age Friendly Manchester; • Greater Manchester Police; • Forum Trust; • Wythenshawe Youth Alliance; • Manchester Youth & Play. 	<p>Some examples of projects delivered include:</p> <p>We work alongside our construction framework partners to deliver new homes and local employment with 8 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 and going forward Procurement for Housing. We have also set up a new managed stores arrangement for materials purchasing through the Cirrus framework which demonstrates upper quartile rates when benchmarked with peers.</p> <p>WCHG supports local schools aiming to improve outcomes for Wythenshawe children. WCHG sponsors the Manchester Enterprise Academy. WCHG staff volunteer as Governors and mentors and have provided focussed support for students on interview practice. MEA is one of the top 100 most improved schools in England and has transformed results in all areas. In 2015, Ofsted commented: “The governing body is very effective and has helped greatly to drive the academy forward.” “The academy’s sponsors support the academy extremely well, for example in providing specialist advice to students’ on writing CVs.”</p> <p>Manchester Athena is a new jointly-owned company, and the ‘delivery arm’ of a partnership between Greater Manchester RPs. It’s objective is to leverage RPs’ combined resources to tackle social issues material to our communities, particularly to reduce unemployment. WCHG became a member of Manchester Athena in 2015 and the partnership has been successful in attracting funding through the Greater Manchester Skills for Employment contract.</p> <p>Along with partner organisations we have also contributed to and participated 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. Our commitment is to deliver one days’ worth of learning for every colleague regarding carbon literacy. The output of the training will be that every colleague will make an individual commitment to reducing carbon footprint. We are in the process of devising a plan to roll out the programme and it is anticipated we will have developed the programme and commenced training by the end of 2016.</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 re-confirmed the gradings for Governance and Viability as G1 and V1 for the Group in February 2016.</p> <p>During the year, the Group received a total of £244k grant from the HCA which went towards the development of 72 new homes which transferred into management during 2015/2016.</p>

⁷ JV – Joint Venture ⁸ Pfh – Procurement for Housing ⁹ Cirrus – a consortium of RPs, local authorities who have joined together to establish EU compliant frameworks for the procurement of products and services ¹⁰ MEA – Manchester Enterprise Academy

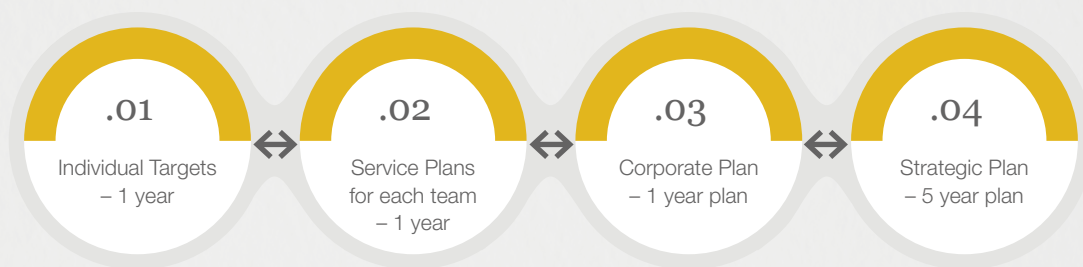
Stakeholder	What they value	What is delivered
Colleagues	Staff are encouraged to identify VFM savings. Managers are responsible for ensuring VFM is embedded across the Group and that VFM is delivered on an operational level. The Group's Leadership Team is responsible for monitoring delivery.	<p>The Group's performance management framework is described in Section 3, in addition to actual performance against target. VFM achievements delivered can be found in Section 6. The Group's VFM Tracker is used to report VFM savings.</p> <p>The Group's investment in training for the year 2015/2016 was £168k, including customer care training, behaviour and competency based training. As a result, we have seen a reduction in staff sickness from 3.54% to 3.12% for 2015/2016, complaints have reduced by 21.1%, with improved satisfaction (98.47%).</p> <p>The 'Best of Both Worlds' training package commenced during 2014/2015 for all staff covering customer care – this programme was developed based on customer and staff feedback. The programme completed in 2016, with employees generating good feedback and ideas for further ways of improving VFM. The training has also led to an increased level of engagement by staff, with improved awareness across the business.</p> <p>The TUPE transfer of the stores is due to complete in September 2016, this will realise efficiencies of c£200k per annum for the Group and improve the technology and data management of our stock and materials handling.</p> <p>The CCTV & Wardens departments have merged to create Assure 24. Assure 24 has reviewed its operating hours to maximize and improve shift patterns to ensure cover at peak times, minimizing the need for overtime cover, demonstrating further VFM.</p> <p>We continually review structures and resource requirements to ensure they meet business requirements. The Group is currently in the process of a Housing Operating Model review which looks at the best way of providing efficient and effective services.</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 Strategic Report.</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 Strategic Report.</p> <p>As part of the Group's Internal Audit Annual Plan for 2015/2016, the Internal Auditor reviewed 6 key risk areas during the year (Compliance with consumer regulatory standards (Property); Development; Safeguarding; Strategic / Business Planning & Forecasting; Tenancy Management; and Treasury Management).</p> <p>The Internal Auditor confirmed Significant Assurance on all but one of the areas reviewed - the Property Service Compliance review was given Partial Assurance due to limited supporting documentation relating to historical data.</p>



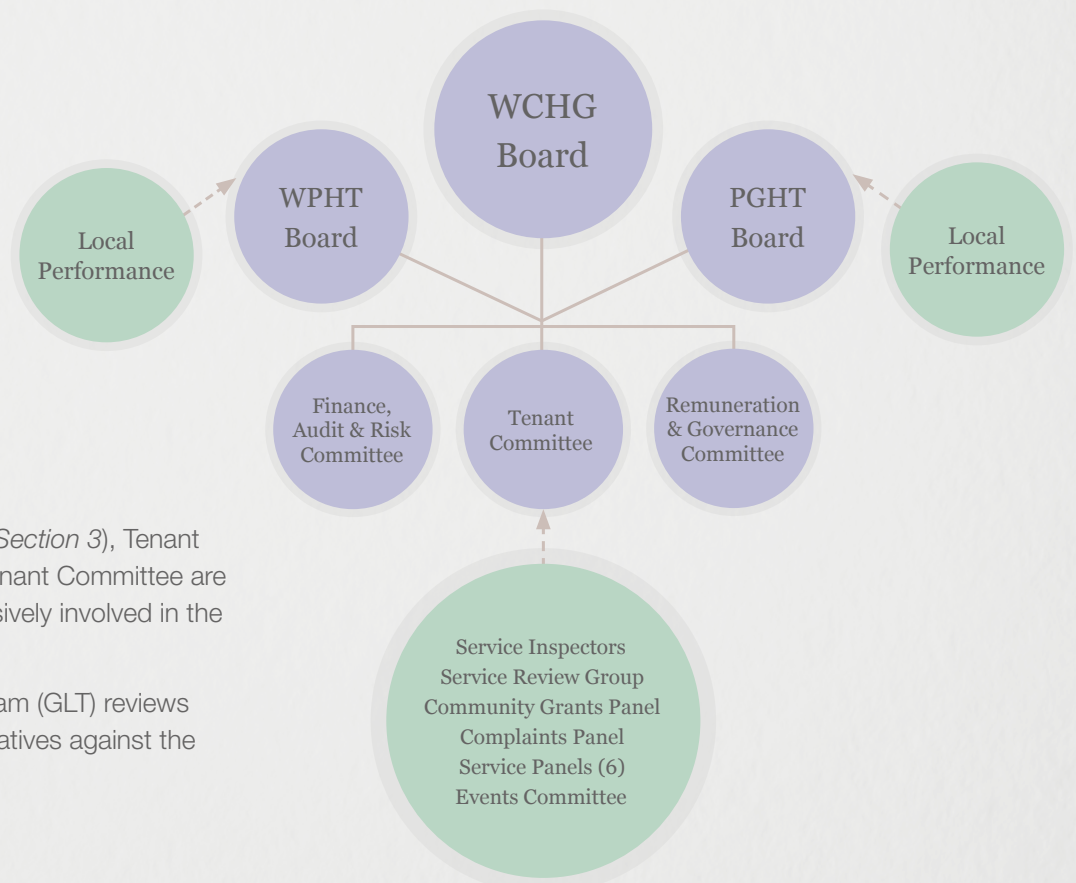
5 Decision Making & Governance

The Group's **Strategic Plan** is developed and agreed after extensive consultation with the Board, staff and the wider stakeholders. Aligned to the Strategic Plan is the Group's Corporate Plan, which is then further broken down into the detailed Service Plans, which 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 carried out a Governance Review during 2015/2016 which led to the implementation of the Common Board structure helping to ensure it remains effectively placed to meet the requirements of the revised Regulatory Framework.

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, the 2015 Code of Governance and Excellence in Conduct – a compliance review was reported to Board in May 2016;
- The Governance framework includes a Group Finance, Audit & Risk Committee which offers 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 and referenced;
- Performance is reviewed by the Group Finance, Audit & Risk Committee and the Boards at each meeting. Management accounts are also presented to the Group Finance, Audit & Risk Committee and to the Boards at each meeting overseeing cost control;
- 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 2015/2016, have covered areas such as Governance (Common Boards), Demystifying Finance, Benchmarking, Asset Management and Return on Assets and Regulation – 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 2016/2017 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 (the Risk Management framework process was last updated during 2014/2015) and is planned for review September 2016. GLT is responsible for ensuring that the Group's strategic risks are regularly reviewed, updated and scrutinised by the Group Finance, Audit & Risk Committee and reported to the Board on an annual basis. Managers are responsible for reviewing and updating operational risks.

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 2015/2016

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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 the Group's Stock Appraisal Model framework, which includes financial techniques such as Net Present Value and Return on Asset (developed with IPD¹¹ 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 upper quartile challenging targets on void turnaround times at 20 days and for 2015/2016, the Group achieved 19.1 days which was ranked first place in the Housemark annual benchmarking with 19 other RP's in the peer group. This is important to the Group due to the impact on income through void rent loss. The Group achieved 0.34% rent loss through voids, again ranked first against 19 peers who averaged 1.36% rent loss. We have set further stretching targets to reduce this further in 2016/2017 and refine our processes. We continue to keep our sheltered schemes under review, and will utilise the Stock Appraisal Model data to inform future decisions once our first Extra Care Development, Village 135, opens in 2016.

The Group also carries out individual high void cost appraisals 'Graded Voids' 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.

We will continue to monitor and manage failure demand across our components. During 2016, the Group will be analysing non-users of the repairs service to better understand those customers that are able to maintain their homes without the need for any annual repairs. In addition to this, we will also be reviewing those households that generate a high number of repairs, or where annual repairs are of a high value so that we can focus activity on reducing repairs expenditure further. Benchmarking data (Housemark) confirms the

Group undertakes an average of 3.28 repairs per property, which gives a ranking of 12th from a peer group of 21 RPs. Conversely though, the total repairs costs are £335 per property which is ranked at 4th within the same peer group which demonstrates that whilst the Group is efficient in delivering the repairs it undertakes, we need to focus further on managing the demand levels going forward.

Efficiencies within our void management team have enabled the replacement of kitchens to be undertaken in-house. This has resulted in 35 kitchens during 2015/2016 being delivered in house that would previously be installed by a subcontractor which would have cost the Group an additional £29k.

Repairs and Void Supervisors 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.

During 2014/2015, the Group developed its Stock Appraisal Model which determines return on asset information at a location and stock type level to further improve our decision making in this area. The model's approach allows the Group to assess its stock portfolio using income return and capital growth measures, allowing benchmarking against other RPs using the same methodology. The data is 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.

¹¹ IPD – Investment Property Databank Limited (part of MSCI – Morgan Stanley Capital International)

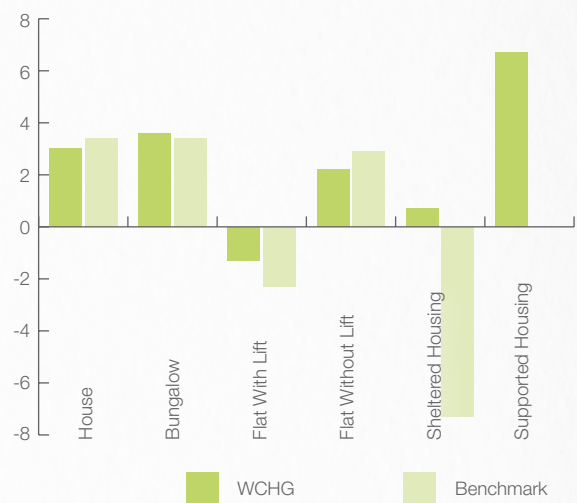
The Group’s Stock Appraisal Model provides return on asset data as below:

The Group continues to utilise this data in the annual budget setting and development of the investment programme to ensure investments are made to sustainable stock. Examples include our review of deck access flats in Peel Hall and the investment decision to waterproof the balconies. The Stock Appraisal Model acted as a trigger to review further the investment decision ahead of the budget process and consider alternative options such as re-development, other future maintenance requirements and demand which then helped to inform.

The increase in our development programme in line with the Group’s Strategic Plan, will also lead to further improved returns.



Total Return by Asset Type



Returns (Income Return & Capital Growth) by Asset Type



The Group is formally reviewing the approach used for its Stock Appraisal Model framework for 2016/2017 and considering other models used within the sector to ensure we are able to compare with the most appropriate peer group.

The Group has in place an updated Asset Management Strategy supported by a detailed Asset Management Plan, in addition to an Environmental Sustainability Strategy. 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.

Asset Management data for the Group is held on one central common system, Promaster, which has direct links to the Group's Housing Management database and Qlik reporting tools. In 2014/2015 we reported a 4% repairs demand reduction which was driven by our policy reviews, tenancy enforcement, recharge activity and application of intelligence on component failures on our planned programme. For 2015/2016 overall demand levels have reduced by 1% (having stabilised from the reductions achieved for 2014/2015) – examples are as follows:

- Electrical repairs have increased as our extractor fans and showers age across our stock;
- Heating and roofing repairs have reduced in direct response to our more recent investment in new heating systems and roofing renewals, in line with the SCS.

Whilst the demand for responsive repairs in 2014/2015 reduced by 1%, associated expenditure reduced by over 5%, as the efficiency targets set in the previous year have been realised. The Group continues to carry out monthly reviews of demand levels to influence its ongoing investment decisions on products, stock and life cycles.

The energy efficiency rating (SAP) of the Group's stock is measured at 70.02 (PGHT – 72.29; WPHT – 68.61), this rating is currently being re assessed through a review of the RdSAP (Reduced Data SAP) data collection produced for each EPC (Energy Performance Certificate) to provide effective compatibility between the data collection software and the new Promaster 4 implementation. Until this is completed the current average SAP rating score of 70.02 remains although this rating is expected to increase given the level of investment carried out (e.g. replacement efficiency boilers, cavity and wall insulation). The new forthcoming Stock Condition Survey data will also provide additional data to supplement and verify the improved EPC SAP ratings. 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 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 continue to work with our tenants to promote changes in behaviour which will reduce carbon emissions and save them money.

Examples include the work we undertake with customers during our annual gas safety check. Gas operatives provide customers with annual advice and guidance on running an efficient home in terms of efficient settings & controls and how to maintain a warm home with adequate ventilation. This is supported by the Group's detailed safety tips booklet which is distributed periodically.

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.

Future Plans:

The Group will be formally reviewing the approach used for its Stock Appraisal Model and considering alternative models in the market place to ensure we maximise the use of this data. The results of the model will continue to inform investment / divestment decisions and we will continue to review the best and worst performing asset groups and consider options available to the Group.

6.1.2 Social Returns:

During 2015/2016 we have continued to use the approach to measuring our social value adopted last year:

- We use the HACT Wellbeing Valuation approach to measure the **primary benefits** of relevant activities on local residents;
- We use data from the New Economy Manchester's Unit Cost Database http://neweconomymanchester.com/stories/832-unit_cost_database and assessments completed for us by Baker Tilly to measure the **secondary benefits** of our activities – the wider public benefits and the saving to the public purse.



Further to the Social Impact Report 2014-15 (www.wchg.org.uk/SocialImpact) we have made further progress this year as follows:

- Extended the measurement of social impact from five to seven themes of work;
- Worked with HACT and other RPs to help develop and embed the HACT model, working towards a consistent and robust approach to measurement;
- Reviewed and developed our methodology to reflect increased knowledge and latest thinking on social value, including use of new data published by HACT on health impacts and relieving homelessness;
- Contributed to a range of networks and forums to encourage organisations to adopt social value principles and practices.

The Group's 2015/2016 social impact assessment results are as below:

Directorate	Investment £m	Primary benefit £m	Secondary benefit £	Social Value 2016 £	Social Value 2015 £	Social Value Ratio 2016
Community Investment – Health & Wellbeing	£1.1m	£7.3m	£0.2m	£7.6m	£4.3m	1:7
Community Investment – Employment & Skills	£1.0m	£2.7m	£1.8m	£4.5m	£3.4m	1:5
Community Investment – Youth & Education	£0.4m	£1.1m	£2.0m	£3.1m	£2.5m	1:7
Finance (Financial Wellbeing)	£0.3m	£1.9m	£2.0m	£4.0m	£0.5m	1:14
Housing (Community Safety)	£0.5m	£1.2m	-	£1.2m	£2.5m	1:2
Housing (Social Housing)	£0.1m	£0.8m	-	£0.8m	N/A	1:12
Housing (Wythenshawe Garden City)	£0.2m	-	£0.5m	£0.5m	N/A	1:2
Total	£3.6m	£14.9m	£6.7m	£21.6m	£13.1m	1:6

Community Investment (health & wellbeing) – as part of our Health Strategy, WCHG is committed to providing support to help improve the health and wellbeing of the people in Wythenshawe, who have some of the highest levels of long-term illness, disability and heart disease. Positive outcomes include:

- 18,201 (9,518)¹² hours volunteered across Wythenshawe (examples include the Real Neighbours Timebank which was launched during 2015/2016);
- 217 (39) regular volunteers;
- 550 individuals volunteering their time at least once;
- 22 schools, organisations and events supported by colleagues volunteering their time;
- 64 residents actively involved in tenant groups;
- 2,155 (1,139) individuals regularly participating in sports activities; and
- 295 (300) individuals attending social groups and voluntary organisations.

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, delivered in partnership with other organisations. Positive outcomes include:

- 154 (114) people supported into full time employment;
- 107 (103) people achieving qualifications; and

- 98 (109) people no longer claiming out of work benefits due to going into employment.

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 include:

- 378 (375) young people regularly attending youth provision services;
- 93 (100) regularly attending after school clubs;
- 136 (172) regularly attending the Wow Zone;
- 133 attendees at other educational activities through the Wow Zone (weekend residential, local heritage project, Quarry Bank Mill project);
- 757 (420) young people attending the Wow Zone throughout the year; and
- 120 teachers attending training on use of ICT across the curriculum at the Wow Zone.



¹² Figures in brackets relate to 2014/2015, shown for comparison

Financial Wellbeing – this service aims to support income collection and tenancy sustainment, 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. Positive outcomes include:

- 85 (70) customers reporting that their wellbeing had improved after benefiting from financial inclusion services;
- 16 tenants helped to sustain their tenancy by downsizing their home as a result of welfare benefit reform; and
- More than £2m (£1.9m) rental income generated from tenants supported through the service.

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 include:

- 270 (369) individuals reporting that their wellbeing had improved following intervention to address antisocial behaviour.

Social Housing – this year we have expanded our review of the social impact of our core business of providing social housing by assessing the improved wellbeing of people moving from homelessness or temporary accommodation into a secure, affordable home in line with newly published information from HACT. Positive outcomes include:

- 5 people who had been sleeping rough moved into a secure home; and

- 83 adults/ 71 households moved from temporary accommodation to a secure home, this included 37 adults/ 27 households with dependent children.

Wythenshawe Garden City – Wythenshawe was developed in the 1930s as a garden city with wide tree-lined streets and a fruit tree in every garden. Jointly with Manchester City Council, we have responsibility for maintaining and improving most of the green space in Wythenshawe including 14,000 trees. This year we have started to evaluate the benefit of the large number of trees in Wythenshawe. Positive outcomes include:

- 73 tonnes of carbon removed from the atmosphere;
- 2,252 tonnes of carbon stored in the trees;
- 2.8 tonnes of airborne pollutants removed from the atmosphere saving the NHS c£15k; and
- 5,426,804 litres of water intercepted by trees, saving c£7k in sewage charges.

The above social value ratio can be further benchmarked against the PlaceShapers¹³ members where the average social value ratio calculated for LSVTs for 2014 was 1:10, or alternatively 1:12 for RPs with stock over 10,000 units.

Further information can be found in the Group's Social Impact publication: (www.wchg.org.uk/SocialImpact)

Future Plans:

Social impact measurement will continue to be developed during 2016/2017 and beyond.
Improvements will cover:

- Extending measurement to further themes of work including environmental impact, community cohesion and independent living;
 - Embedding delivery of social value in the new Group Procurement Strategy to maximise our impact;
 - Incorporating more wellbeing values into our measurement as and when they are published by HACT;
 - Continuing to participate in work with other RPs to develop the HACT model;
 - Increasing data analysis and using it to inform business decisions.
-

¹³ PlaceShapers is a national network of over 100 community based housing associations, owning c750,000 homes in total

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
Following completion of the 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, tenders have been issued for a substantial project to re-envelope the three 'Hard to Treat' Sharston Multi storey blocks including external wall insulation and cladding and new windows with low emissivity glazing.	The Group will be providing 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 based on energy saving Trust figures.
Within the traditional stock, high efficiency A rated condensing combination boilers have been installed to over 920 homes (approx 7% of stock) in 2015/2016, reducing the volume and cost of energy consumed to heat the homes of customers.	A year on year decrease of £70k has been recorded for the cost of major heating repairs representing a saving of 28.5% on the previous year's expenditure of £245k.
Loft and/or Cavity wall insulation upgrades have been carried out to around 900 properties in the year to 31 March 2016.	Accessing over £350k in Grant funding, the scheme has typically increased individual SAP ratings of properties by 7 points, with a rating change from D to C, and potential achieving annual energy costs savings of £185 per property.
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 3,946 tonnes of waste through the centre, achieved a recycling level of 99% and saved the Group £226k per annum against traditional skip hire contract.
WCHG have committed to supporting the Carbon Literacy Project and are part of the working group.	We are in the early stages of devising and rolling out the project, but are committed to investing in our colleagues to become carbon literate which will generate a low carbon culture.

During 2016, the Group will also be working with the charity 'Smart Energy GB' in the roll out of smart meters to the UK to help ensure our customers are prioritised with taking control of their gas and electric utility bills and driving savings for households.

Future Plans:

The Group is in the process of commissioning an independent report to quantify the positive impact of recently completed projects and to examine opportunities for further activities to help meet the challenging targets set out in the Environmental Sustainability Strategy. The full report will be published by March 2017.

Highlights of completed activities and their benefits include:

- We have 391 properties with photo voltaic panels fitted generating electricity from sunlight creating a saving of 200t of CO₂ to the environment;
 - The above ECO scheme uses new biomass boilers which use CO₂ neutral wood pellets as their primary fuel source which will save c700t of CO₂ to the environment;
 - Boiler upgrades (new high efficiency A rated) should lead to savings to the environment of 560t on CO₂;
 - Cavity wall insulation (where the cavity is injected with mineral wool reducing heat loss through walls) should create savings of 240t of CO₂;
 - The Group's new build programme will save the environment a potential of over 1,000t of CO₂, due to the Group's sustainability standards when compared to average EPC ratings.
- This should help to achieve the target of achieving a reduction in carbon emissions from WCHG activities by a minimum of 34% by 2020.

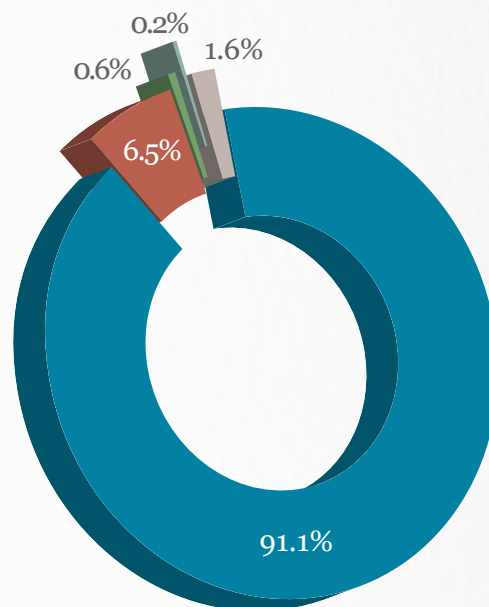
6.2 Operations

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, Shared Ownership first tranche proceeds and revenue grants. Income for 2015/2016 (£65.7m) was as below:

Income 2015/2016

- Rental income **£59.8m**
- Disposal proceeds including RTB and Shared Ownership **£4.3m**
- Revenue Grant income **£0.4m**
- Other income including interest receivable **£0.1m**
- Non-social housing income **£1.1m**

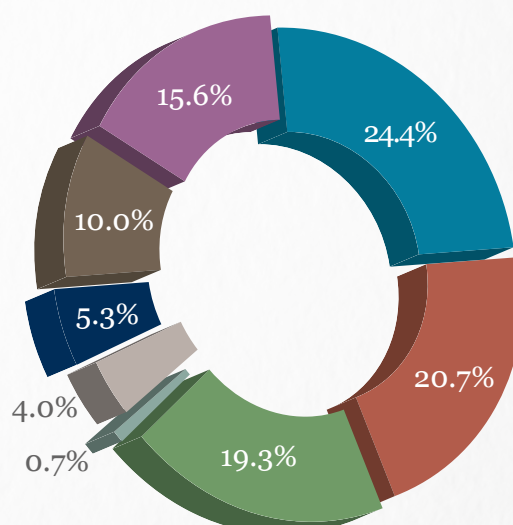


6.2.2 How the Group's funds are spent:

For the year ended 31 March 2016, the above income resources were used to fund the following operational spend (£63.0m):

Expenditure 2015/2016

- Management & Services **£15.4m**
- Routine & Planned Maintenance **£13.1m**
- Investment in Stock **£12.1m**
- Bad debts **£0.4m**
- Other including Regeneration **£2.5m**
- Cost of sales **£3.3m**
- Interest payable **£6.3m**
- Purchase and development of new properties **£9.8m**



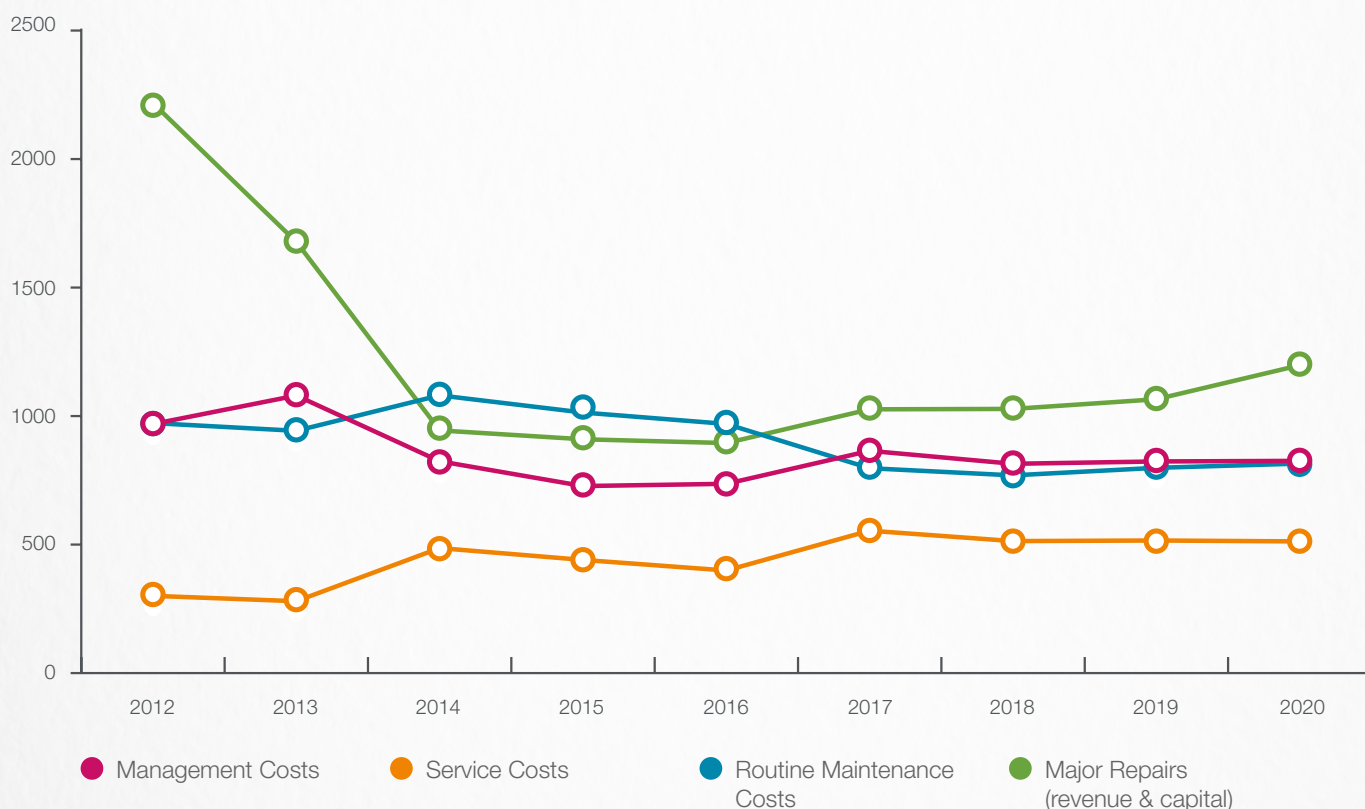
6.2.3 Performance

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. The Group is a member of Housemark, BOB¹⁴, Northern Housing Consortium, ContactNet, APSE¹⁵; repairs information is also benchmarked using 'Check-mate', and 'Housing Quality Network'. For areas where there are no national benchmarking mechanisms (e.g. Financial Inclusion, grounds maintenance, facilities), we have facilitated the development of local benchmarking groups to allow comparisons of costs of individual services.

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, which was in line with the headline social housing costs per property information issued by the HCA to each RP in June 2016 (derived from the 2015 Global Accounts information with sector quartile data included for benchmarking):

Cost per property - CPP	Direction of Travel ¹⁶	WCHG 2016	WCHG 2015	Global Accounts 2015 ¹⁷	WCHG 2014	Global Accounts 2014 ¹⁷	WCHG 2013	Global Accounts 2013 ¹⁷	WCHG 2012	Global Accounts 2012 ¹⁷	Upper quartile (2015)	Median (2015)	Lower quartile (2015)
Management	↑	£740	£732	£1,034	£825	£990	£1,072	£952	£965	£908	£1,270	£950	£700
Services	↓	£397	£437	£514	£481	£517	£283	£498	£303	£461	£610	£360	£230
Maintenance	↓	£966	£1,008	£1,016	£1,073	£1,016	£940	£993	£969	£979	£1,180	£980	£810
Major Repairs	↓	£899	£914	£929	£948	£985	£1,675	£989	£2,210	£1,028	£1,130	£800	£530
Other	↑	£132	£112	£144	£78	£143	£100	£152	£56	£79	£410	£200	£80
Total	↓	£3,134	£3,203	£3,637	£3,405	£3,651	£4,070	£3,584	£4,503	£3,455	£4,300	£3,550	£3,190

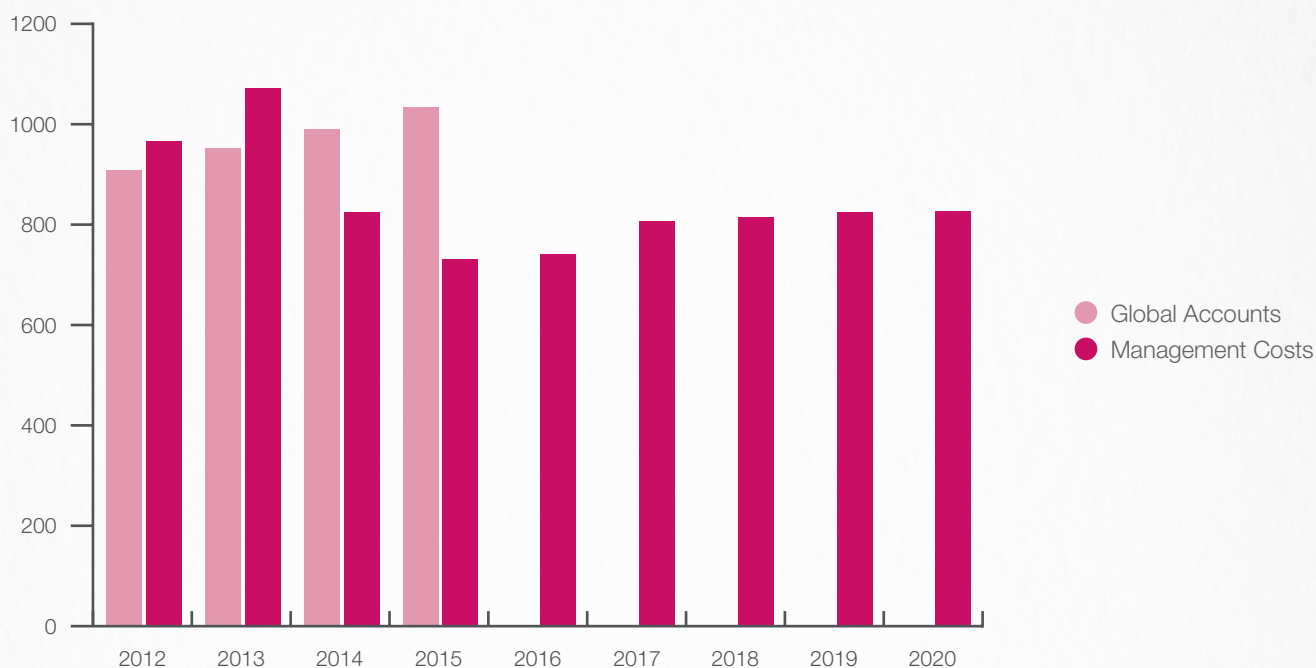


¹⁴ BOB – Back Office Benchmarking ¹⁵ APSE – Association of Public Service Excellence ¹⁶ Direction of Travel – key: ↓ - reducing costs;

↑ - increasing costs; ↔ - no change ¹⁷ Global Accounts – average cost per property across traditional and stock transfer organisations

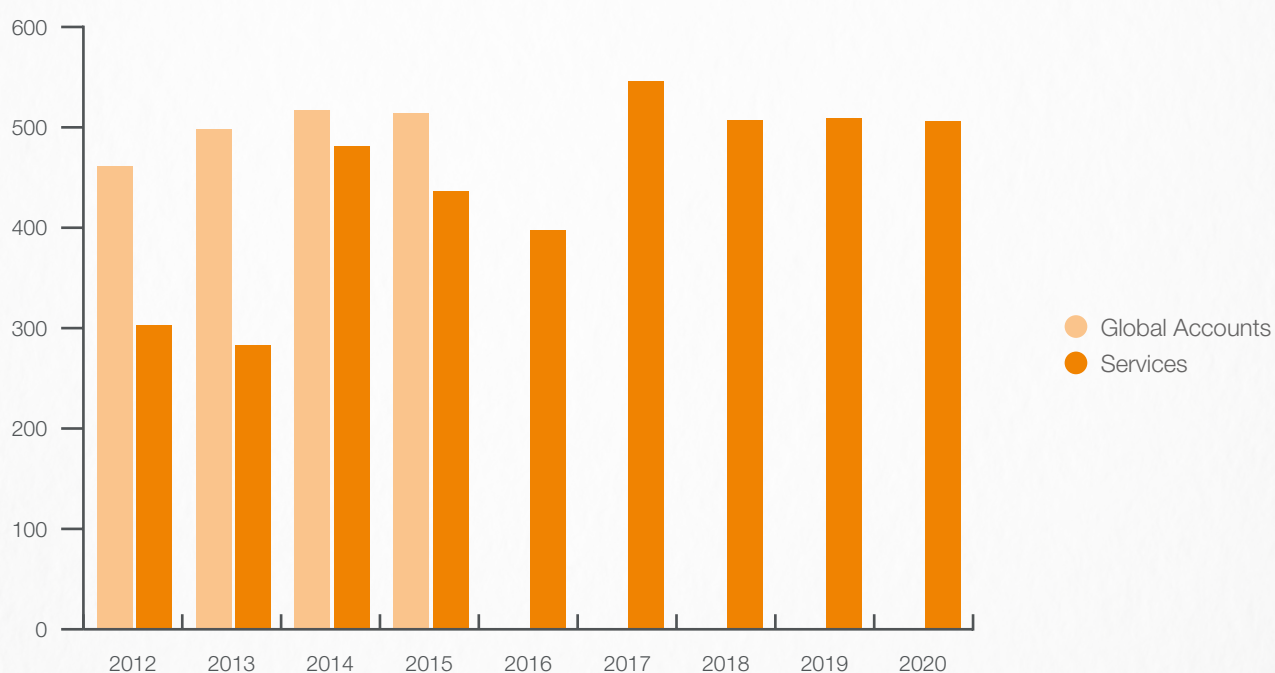
Each of the above social housing cost areas can be analysed further as follows, using the Group's approved Business Plan to forecast costs:

Management Costs



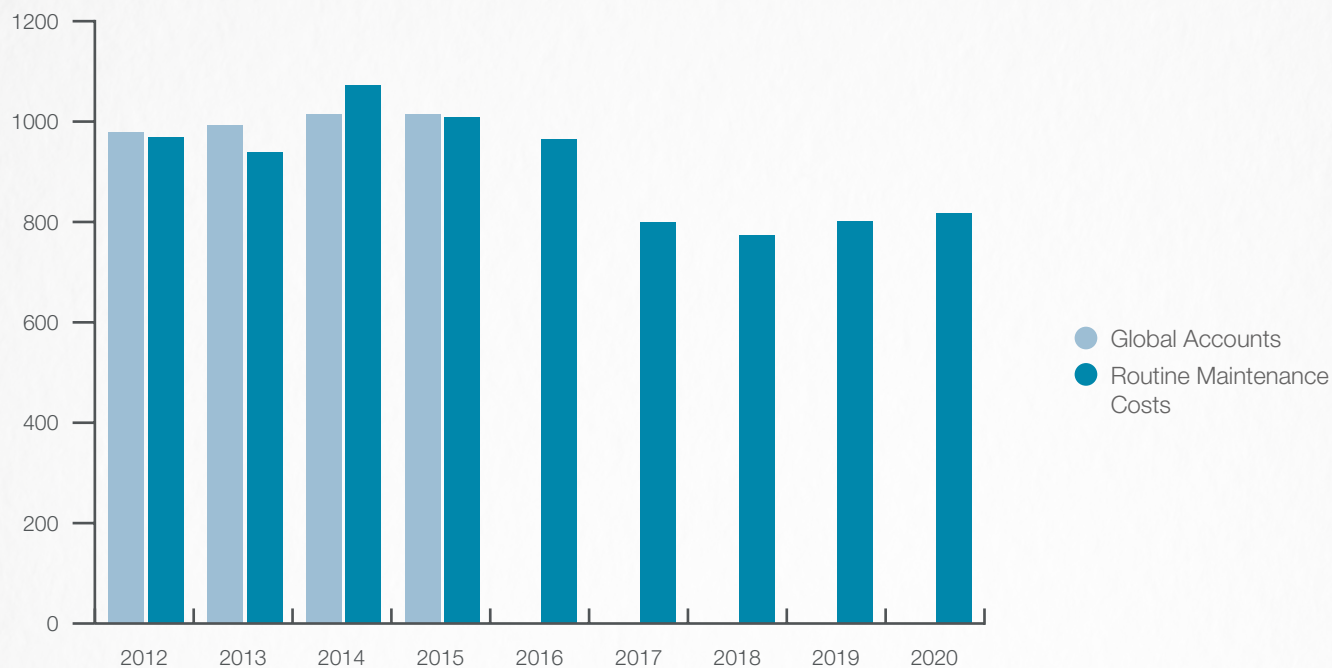
Unit management costs are lower from 2014 in line with the savings achieved as part of the Group Structure. Future increases are based only on inflation.

Services



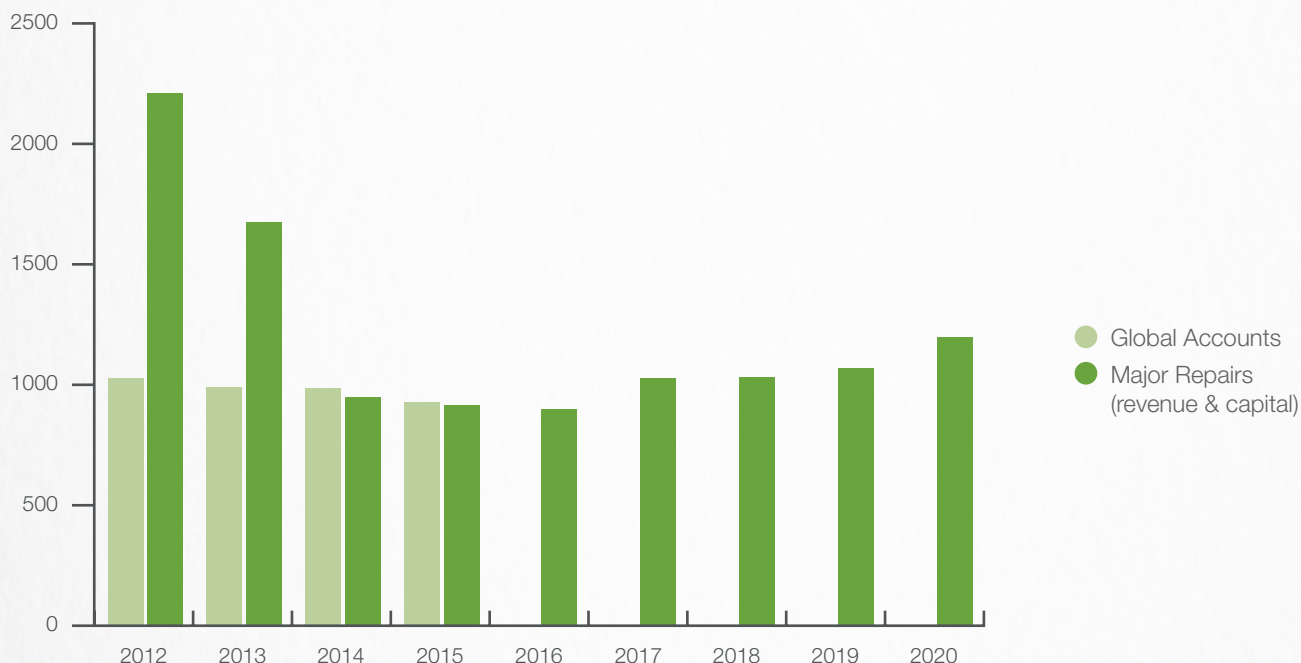
The forecast costs for services include Community Investment which is separated in the Global Accounts. The Business Plan includes the costs for the Group's Lifestyle Centre in 2016/2017 only which explains the lower unit costs from 2017/2018 onwards.

Routine Maintenance Costs



The above chart reflects the reduction in the Group's routine repair costs consistently over the last 3 years from above sector average to a current position of below sector average. The Group's costs include c£2m per annum relating to environmental estate management activity, a cost linked to the maintenance of our Garden City estates. Many peer RPs do not have this scale of environmental maintenance.

Major Repairs (revenue & capital)



The major repairs chart demonstrates the Group is investing in its stock at a consistent level to sector peers ensuring the decent homes standard is met, whilst demonstrating VFM. The expenditure profile is driven by the Group's stock condition survey and the increase in profile going forward reflects the stock condition profile as the components age since the stock transfer investment programmes of the two Subsidiaries.



Key performance for WCHG for 2015/2016 in addition to the 2015/2016 costs is also benchmarked through Housemark - the peer group¹⁸ used is the Northern Large Scale Voluntary Transfer Organisations with stock over 7,500 properties (group includes 21 other organisations).

Targets are set in line with objectives and the agreed balance between service, quality and cost, in consultation with our customers.

Satisfaction data in the tables below for 2015 & 2016 are based on the 2014 STAR results, no results are provided for 2014 since the previous STAR survey was carried out in 2012. Internal satisfaction data used in the tables is based on transactional satisfaction surveys carried out by the Group.

Housing	KPI	Direction of Travel ¹⁹	Actual Performance 2015/2016	Target 2015/2016	Actual Performance 2014/2015	Actual Performance 2013/2014
Housemark	Housing Management - CPP	↑	£353 – 3rd, upper quartile		£366 – 6th, upper quartile	£369 – 6th, upper quartile
Housemark	% of tenants satisfied with their neighbourhood as a place to live	↔	11th – lower quartile		11th – lower quartile	
Internal	Property Turnover Percentage	↑	4.70%	6.0%	5.67%	6.10%
Internal	Total average void turnaround time for properties let in the month (calendar days)	↑	19.1 days	20.25 days	19.99 days	22.3 days
Internal	% of customers satisfaction with the ASB service	↑	100%	99.5%	99.4%	97.3%

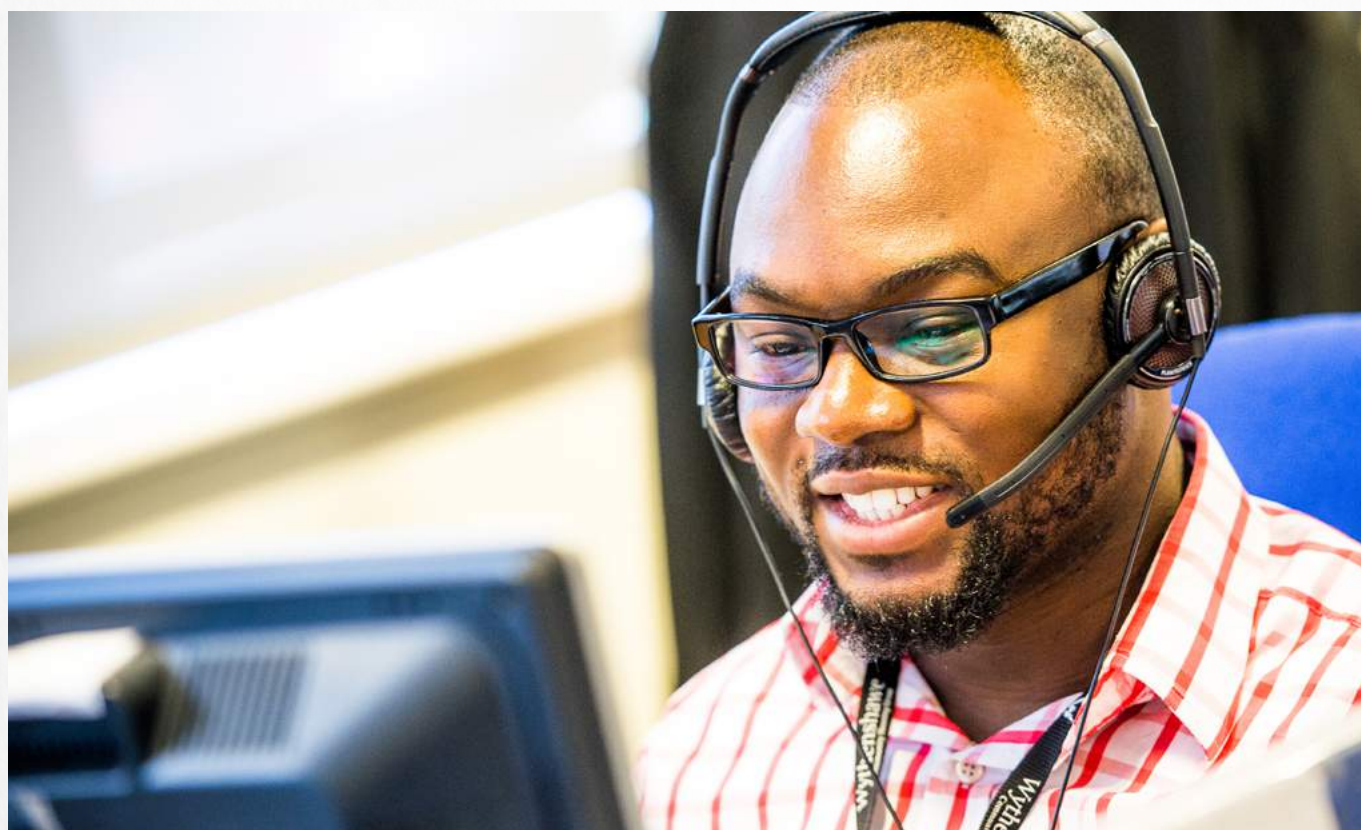
A number of internal reviews and efficiency savings has seen our housing management costs per property reduce from £369 in 2014 to £353 in 2016. We continue to drive efficiencies within this service, whilst maintaining the service level to tenants.

¹⁸ **Peer group** – Bolton at Home, City West Housing Trust, Coast & Country Housing, East Durham Homes, Eastlands Homes, First Choice Homes Oldham, Golden Gates Housing Trust, Incommunities, Liverpool Mutual Homes, Livin, Magenta Living, New Charter Homes, One Manchester, One Vision Housing, Ongo, Pennine Housing 2000, Rochdale Boroughwide Housing, Shoreline Housing Partnership, Trafford Housing Trust, Twin Valley Homes, Wakefield and District Housing.

¹⁹ **Direction of travel key:** colour measures actual performance against the target; ↑↓ direction of travel measures performance movement between 2014/2015 and 2015/2016

Property	KPI	Direction of Travel	Actual Performance 2015/2016	Target 2015/2016	Actual Performance 2014/2015	Actual Performance 2013/2014
Housemark	Responsive & Void Repairs - CPP	↑	£616 – 2nd, upper quartile		£654 – 3rd, upper quartile	£718 – 5th, upper quartile
Housemark	Percentage of all repairs completed at the first visit	↓	94.39% – 4th, upper quartile	94.5%	98.93% – 2nd, upper quartile	98.47% – 2nd, upper quartile
Housemark	% of tenants satisfied with repairs and maintenance	↔	13th – lower quartile		13th – lower quartile	
Housemark	Major Works & Cyclical Maintenance – CPP	↑	£1,526 – 13th, middle quartile		£1,986 – 16th, middle lower quartile	£1,903 – 16th, middle lower quartile
Housemark	% of tenants satisfied with the overall quality of their home	↔	11th – middle lower quartile		11th – middle lower quartile	
Internal	% of properties having a gas safety inspection within the last twelve months.	↑	100%	100%	100%	99.99%
Internal	% of Emergency and Appointable Repairs completed within the target time	↑	99.93%	99.90%	99.83%	99.90%
Internal	% of customers satisfied with repairs	↑	96.92%	96.5%	96.30%	96%

Responsive and void cost per unit for the Group has continued to improve in recent years from £718 per unit to £616 per unit taking the organisation from 5th position with our peer group to 2nd position in our peer group. This direction of travel has been detailed in section 6.1.1 (Economic Returns) and driven by our Repairs Service Policy aligning to our tenancy responsibilities, enforcing these and implementing recharges. We recognise this direction of travel has had an impact upon satisfaction levels from our customers as we have withdrawn certain repairs which is reflected in our STAR survey satisfaction measure that indicates a lower quartile position, ranked 13th out of 15 peers. The Group has also experienced a reduction in recorded repairs completed at first visit which follows a change in the way we calculate repairs completed at first visit to better align to our peers enabling benchmarking.



Central	KPI	Direction of Travel	Actual Performance 2015/2016	Target 2015/2016	Actual Performance 2014/2015	Actual Performance 2013/2014
Housemark	Overheads as a % of turnover	↑	8.61% – 3rd, upper quartile		9.20% – 6th, upper quartile	10.24% – 8th, upper quartile
Housemark	Overheads as a % of direct costs	↓	18.18% – 1st, upper quartile		16.13% – 1st, upper quartile	17.10% – 1st, upper quartile
Housemark	Rent Arrears & Collection – CPP	↑	£132 – 9th, middle upper quartile		£141 – 11th, middle upper quartile	£120 – 7th, middle upper quartile
Housemark	% rent collected	↑	100.60% – 4th, upper quartile	100%	99.56% – 12th, middle lower quartile	97.69% – 19th, lower quartile
Housemark	Current tenant rent arrears (net of HB) as a % of rent due	↑	4.03% – 13th, lower quartile		5.03% – 14th, lower quartile	4.30% – 14th, quartile
Housemark	% of tenants satisfied that rent provides VFM	↔	14th – lower quartile		14th – lower quartile	
Internal	Former tenants cash rent collection	↓	£116k	£150k	£132k	£122k
Internal	% of complaints where the customer received a full response within 14 calendar days	↑	100%	100%	99.56%	98.55%
Internal	% of complaints first time fix	↑	91.60%	95.0%	89.87%	93.67%
Internal	% of calls answered in 30 seconds	↑	87.89%	90.0%	79.40%	81.79%
Internal	% of calls – first time fix	↓	82.03%	90.0%	89.17%	88%
Internal	Satisfaction with contact centre	↑	98.47%	98.50%	98.14%	98%
Internal	Sickness absence – overall	↑	3.12%	3.25%	3.54%	3.4%

During 2015/2016 we saw our collection rate increase and the arrears as a percentage of the annual debit reduce by 1%, against a backdrop of the Government's welfare reform agenda. This has been achieved through consistent monitoring of cases, with a robust and transparent performance management culture within the team. Under Occupation continues to have a significant impact on rent arrears and we have seen a steady rise in the number of Universal Credit (UC) claimants. Between April 2015 and April 2016 we have seen the number of UC claims rise from 101 up to 383 current claimants. The number of UC cases with arrears makes up only 5% of the total number of arrears cases, however the arrears associated with these cases makes up 9.75% of the total gross arrears, demonstrating that the level arrears associated with UC cases is significantly higher.

We have also continued to look for further efficiencies relating to the cost of rent collection. Savings have been achieved through renegotiation of contracts relating to rent transactions and printing costs during the year and there will be further emphasis on this in the coming year.

The Group received over 160,000 telephone calls during 2015/2016. Improvements were implemented to the

resource planning tools used to ensure that the Group has the correct number of staff on to deal with peak periods. This has led to an improvement in the percentage of calls answered within 30 seconds by 8.5% and satisfaction increased 0.3% over the last 12 months. Performance fell slightly below the targets that were set, but further refinement of this model will drive out further improvements during 2016/2017.

The percentage of calls with a first time fix has fallen this year due a change in the calculation method to better reflect the real outcome for tenants, we continue to train our call takers to deal with as many issues as possible, so that they can be resolved at the first phone call.

The number of complaints resolved at the first stage has remained consistent with the previous year, this is in line with our Complaints Policy which allows tenants to escalate a complaint if they are not satisfied with the outcome. Complaints are down 22% on the previous year and satisfaction has remained high with the complaint handling process at 90%.

The sickness absence rate for 2015/2016 was 3.12%. This was an improvement from the previous year (2014/2015 - 3.25%), but remains a KPI the Group wants to reduce further to achieve VFM. A reduction from the previous year's absence figure was achieved through a combination of measures including:

- Carrying out refresher absence management policy training with managers, reminding them of the range of support measures available;
- Absence management addressed as part of new starter inductions to ensure that new starters are fully aware of the Group's expectations;

- Moving the sickness absence KPI from a sole HR team target out to the wider business. Managers are now able to monitor within the Corporate Performance information the level of sickness in their teams and therefore take ownership, along with their Human Resources Business Partner to address issues and reduce the sickness rate;

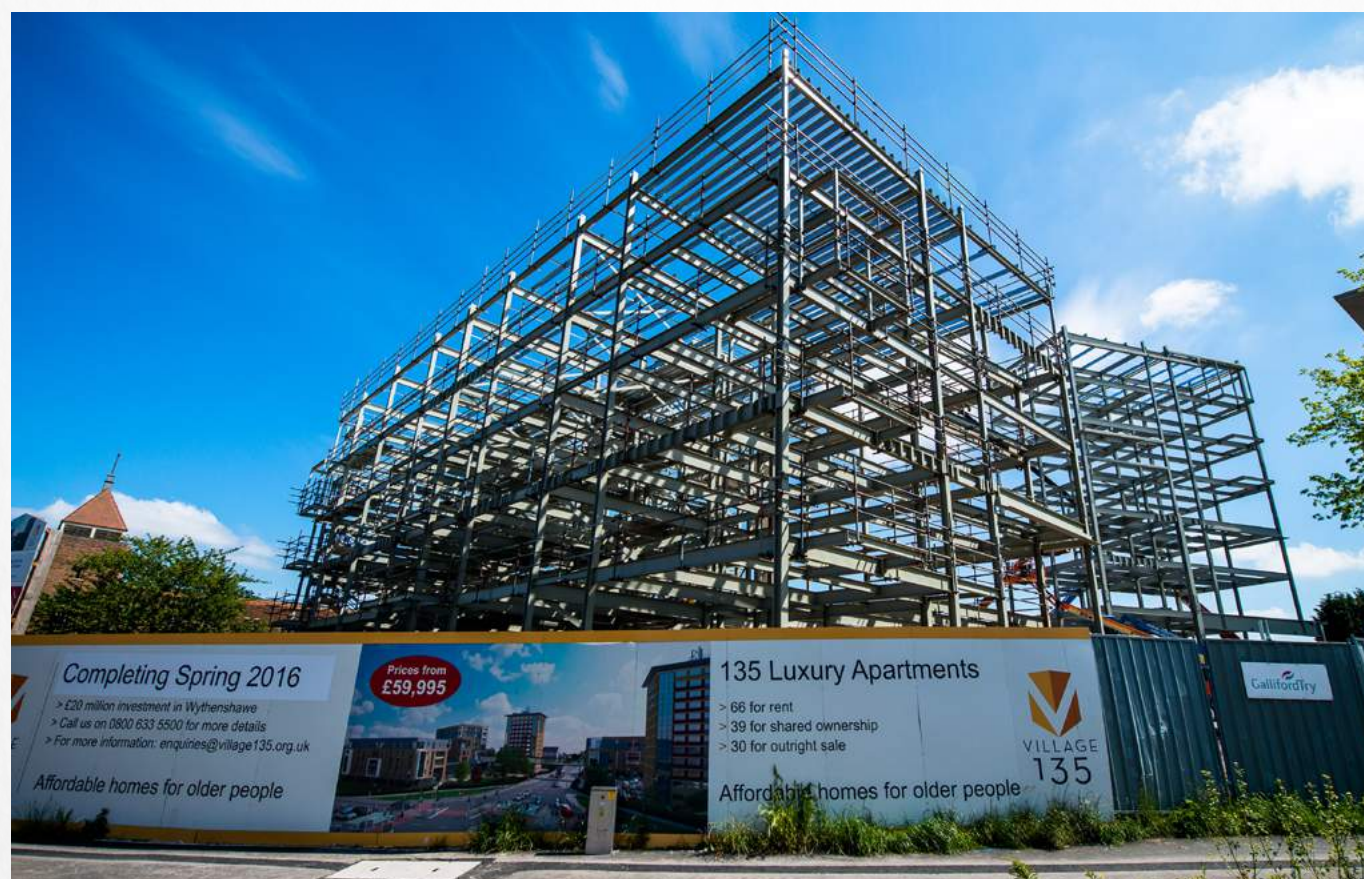
The Managing Probation policy has been strengthened to take into account sickness absence more formally so that any absence will automatically trigger a three month extension to the probationary period and any second absence may result in the employee's contract being terminated early.

6.2.4 VFM achievements:

For the year 2015/2016, the Group delivered total VFM achievements of **£2.9 million** which can be split between £0.3 million relating to the Group structure and £2.5 million relating to additional VFM savings against a VFM target of £2.6 million (set out in the 2015 VFM Self-Assessment).

Using efficiency gains as a % of turnover as a measure, this would give 4.44% for the Group for 2016 (6.26% 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).

	Actual efficiency savings	Expected efficiency savings
Direct VFM achievements (section A)	£2.6m	£2.1m
Group Structure efficiencies (section B)	£0.3m	£0.5m
Total VFM achievements	£2.9m	£2.6m



A) Direct VFM achievements were £2.5m as detailed below:

Service Area	Actual efficiency savings	Expected efficiency savings
Development & Investment	£1.536m	£1.251m
Wythenshawe Works	£333k	£419k
Housing Management	£281k	£370k
Community Investment	£224k	-
Support	£176k	£110k
Total	£2.550m	£2.150m

Progress against VFM targets set in the 2015 VFM self-assessment is identified over the following pages with*.

i) Development & Investment - £1.536m – 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 2015/2016 included:

- **£900k** (* target was £1m) grant attained for the ECO scheme offset against costs incurred;
- Increased grant income for the Cavity Wall and Loft Insulation programme of **£287k** (*target was £100k);
- The internalization of the sales team for all new build programmes, leading to reduced costs of **£116k** (against a target of £86k);
- Harmonisation of the Cyclical External Redecoration programme across both Subsidiaries generated efficiencies of **£68k**;
- Procurement savings of **£75k**, including £35k for the Kitchen programme let through Procure Plus and £28k for the Re-Roofing Programme through competitive tendering (*target was £35k);
- Restructure of the Investment team generated recurring savings of **£55k**;
- The measured term contract for Environmental Works now includes a dedicated schedule for ad-hoc jobs undertaken via Wythenshawe Work, providing a saving of **£35k**.

Targets set for 2015/2016 and not achieved were £30k relating to the ECO scheme.

ii) Wythenshawe Works - £333k – 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 2015/2016 were as follows:

- Reduction in staffing costs of **£180k** (*against a target of £150k);
- Salvage of slates and reduced waste costs led to a saving of **£42k**;
- Reduction in fleet to better fit operational delivery - **£13k** (*original target was £75k, has been deferred to 2016/2017);
- Revised Out of Hours arrangements resulted in reducing costs by **£19k** (*target was £34k);
- Procurement savings of **£9k**;
- **£17k** as a result of improved internal processes - £9k due to new procedures managing plant and equipment, £5k due to recycling of gas meter caps, £3k due to a new fuel monitoring system resulting in lower fuel usage;
- Grass cutting - **£5k**;
- Recovering and recycling scrap metal saved **£3k** (*target was £5k);
- Investment in IT, such as PDAs has resulted in savings of **£5k** (*target was £14k).
- Additional income of **£40k** from the change in use from office space to commercial space for two satellite offices (Bowland Road and Portway Office).

Targets set for 2015/2016 and not achieved were £14k for the caretaking service, £12k relating to income generated from roof aerials and digital inclusion, £13k due to seasonal hours working patterns for gas engineers, £24k from reduced subcontractor costs, £10k from procurement of uniforms and £68k from a reduction in number or repeat visits regarding damp.

iii) Housing Management - £281k – functions included within this service area are allocations, neighbourhoods, community safety and resident involvement. Efficiencies achieved during 2015/2016 were as follows:

- Training Police Officers and the provision of drill and lock kits resulted in savings of **£109k** as GMP were able to force entry using the kit resulting in a new barrel being required as opposed to a new door;
- The introduction of starting tenancies on any day of the week, and back to back lets reduced void costs by **£62k**;
- Staffing restructures whilst maintaining service delivery yielded efficiencies of **£34k**;
- Improved management of overtime reduced costs by **£12k**;
- Additional income of **£17k** generated working as part of 'Confident and Achieving Manchester';
- Procurement savings of **£15k**, primarily due to increasing the scope of existing repairs and maintenance contracts relating to CCTV;
- **£12k** from improved internal processes - £7k from using alternative forms of communication instead of postal for the Tenant Conference, £5k from Restorative Justice activity rather than civil or criminal enforcement;
- **£20k** recurring annual VAT savings were achieved from the Manchester Move costs being exempt from VAT.

Targets set for 2015/2016 also included £370k relating to the continued support for ongoing police and partner operations aimed at reducing ASB and crime, this is now measured in section 6.1.2 Social Returns.

iv) Community Investment - £224k – This service area aims to develop Wythenshawe as a community where people choose to live and work. VFM improvements during the year 2015/2016 included:

- Local residents support our community investment programmes by volunteering their time to run activities, this helps to develop their skills and enables us to deliver more for the resources available to us - this support was valued at **£115k** for the year;
- Updated driving agreement arrangements for the Wythenshawe Works apprentices led to a reduction in costs of **£10k**;

- The employment and enterprise teams were restructured to create one cohesive team, which saved **£9k** for 2015/2016, the annual recurring saving from 2016/2017 will be £12k;
- Additional income from room hire during the day within term time at the Benchill Community Centre raised **£6k**;
- External funding raised **£73k** to support delivery of community projects such as summer play schemes, fun days, afterschool clubs, peer mentoring schemes for young people, promoting local heritage, and the Hub Unit 20 (food distribution unit);
- Procurement savings of **£11k**.

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

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

v) Support - £176k, covering back office support areas such as Business Development, Customer Access, Finance, Human Resources, ICT, and Rents. VFM savings for 2015/2016 were:

- Implementing MS Dynamics removing reliance on Housing system consultancy reducing costs by **£35k** (*against a target of £40k);
- Usage of alternative recruitment websites reduced costs by **£18k** with no change to service delivery;
- The Group's new voice and printing system generated savings of **£5k** from less wasted printing and colour (*original target set was £55k, this has been deferred to the following year);
- Postage reduced by **£14k** mainly due to postage meters;
- HR Business Partners trained to deliver in-house training programmes saving **£12k**;
- The use of Wythenshawe Life to share financial inclusion messages ensured a wider circulation in addition to reducing costs by **£12k**;
- Improved processes relating to rent statements generated savings of **£10k**;
- Staffing **£42k** (£37k Financial Inclusion, £5k receptions);
- Procurement **£5k**;
- Internal processes achieved **£23k** - £18k of this was due to the revised Current Tenant Arrears Policy ensuring a more tailored approach for Money Health Checks.



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 during earlier years, the continued harmonisation of structures, operations and joint procurement across the Group during 2015/2016 realised additional actual savings of £0.3 million, leading to annual recurring efficiency savings of £4.3 million, higher than the recurring efficiency savings anticipated in the original approved business case (£2.2 million).

The £0.3 million savings achieved during 2015/2016 related to central costs (e.g. employment, insurance and training).

Since implementation of the Group structure in 2013, WCHG has delivered a total of £11.7 million efficiencies (cumulatively) against a target of £6.7 million over the previous three years, higher than expected by £5 million:

- £3.466m in 2013/2014;
- £3.977m in 2014/2015; and
- £4.266m in 2015/2016.

Accreditations:

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

Accreditations	2013/2014	2014/2015	2015/2016	2016/2017
Customer Service Excellence				
Fair Train (Gold)				
Housemark - Community Safety, and Complaints				
Housing Diversity Network				
HQN - Repairs & Maintenance, and Gas Servicing				
Investors in People (Gold)				
Living Wage Accreditation				
Tenant Advisor - Resident Involvement				

The Group's Gas Servicing team were also awarded two awards in June 2016 (relating to 2015/2016) for 'Innovation' and 'In-house collaboration with the DLO' (Morgan Lambert).

During the budget setting process in 2015/2016, the Group reviewed its approach to memberships and accreditations (using a cost benefit analysis approach), recurring annual savings of £43k are expected from 2016/2017.





6.3 Treasury Management

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

Trust	Funder	Loan Facility	Loans drawn	Current headroom	Security (2016 Valuations)	Asset Cover Ratio
PGHT	RBS	£54m	£45.2m	£8.8m	£138m	2.55
WPHT	Nationwide & Santander	£90m	£80m	£10m	£207m	2.30
Total		£144m	£125.2m	£18.8m	£345m	2.40

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 are in the process of being charged.

Based on asset cover requirements of 110%, the Group has scope for additional funding of c£160m. 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 is in the process of reviewing its current funding to develop a structure which will support the Group's updated Strategic Plan, and the Government's Policy for delivering more homes.

The Group's effective interest rate for 2016 was 4.2% which is lower than the sector's average effective interest rate of 4.7% for 2015 (and the sector's average rate of 4.5% for LSVTs).

Subsidiary - ROCE ²⁰	2014	2015	2016
PGHT	2.7% ²¹	2.9%	5.4%
WPHT	3.1%	4.3%	4.8%

ROCE is calculated as the operating surplus (adjusted for depreciation, and capitalised major repairs) as a percentage of the capital employed for each Subsidiary. The above table reflects a steady increase since the group structure was implemented, due to the reduced operating costs.

The HCA's Global Accounts 2015 indicate an average return on capital employed in 2014/2015 at 4.5% (4.2% for LSVTs).

Interest cover (EBITDA MRI²², used by the HCA as one of a range of indicators for financial performance) can be assessed for the Group as follows and reflects the increasing surpluses over the period 2014 to 2016:

Subsidiary – Interest Cover	2014	2015	2016
PGHT	195%	221%	417%
WPHT	168%	234%	273%

The 2015 Global Accounts indicate EBITDA MRI interest cover across the sector for 2015 at 155.6% (LSVTs at 160.5%), confirming strong performance from both Subsidiaries. During 2016/2017, the Group has also commenced a Funding Review to ensure the Group's facilities are better aligned with the Strategy.

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 2016, the Group applied the 1% reduction in line with the Government's direction. The effect of the 1% reduction for 4 years until 2020 has been assessed as part of the ongoing review of the Group's Business Plans, and remains comfortably within the constraints of the Group's existing loan facilities.

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



²⁰ **ROCE** – Return on Capital Employed.

²¹ **2014 PGHT ROCE** adjusted for reclassification of loans from due within one year to falling due after one year.

²² **EBITDA MRI** – Earnings before Interest, Tax, Depreciation, Amortisation, less Major Repairs expenditure capitalised.

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.

The Group and Subsidiary Boards regularly review financial performance.

As noted in earlier sections, efficiencies have been made as a result of the two organisations (PGHT & WPHT) coming together and how these efficiencies are invested are discussed with the Boards at the formal Board meetings and the Board Awaydays.

The Group will continue to build on the strong performance demonstrated over the last three years looking for more efficient ways of delivering the services our tenants, against a backdrop of the 1% rent reduction from 2016 to 2020, in addition to welfare reform.

The Group has an approved development programme of 451 units consisting of houses, bungalows and apartments including the Village 135 extra care development. The programme has 266 affordable rent, 131 shared ownership, and 54 outright sale. The business plan has been stress tested and sensitivity tested to include the programme and this is reviewed regularly in light of building cost increases. The build programme runs until 2018.

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 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 in order that services can be sustained or further improved for customers during a period of considerable reform within Housing.



7 Gains planned for 2016/2017

The Group has a VFM tracker which will seek to capture all VFM savings during the year 2016/2017 as they occur to ensure forecast gains can be delivered.

Total VFM gains planned for 2016/2017 are c£1.5 million as follows:

Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Development & Investment	Bramcote and Greenbrow AHP Contract – a combined procurement approach yielding improved tender efficiencies.	c£1.675m saving against pre-tender estimate over a two year contract – annual saving of £838k .	Delivery of new build programme at a reduced cost.
Development & Investment	GRP v asphalt repairs to flat roofs.	Capital costs saving of £350, using an estimate of 150 jobs per year. Revenue cost saving of 50% as GRP has twice the component life, leading to a saving of £105k .	Reduced repairs expenditure and repair volume.
Development & Investment	Coordination of back boiler removals ahead of roofing programme, avoiding the need to rebuild / retain chimney stack.	Based on 550 roofs per year with a 15% incidence rate and a cost saving of £750 per roof should generate a potential saving of £62k .	Time and materials cost savings with ongoing maintenance savings.
Property – Fleet	Harmonisation of fleet arrangements, leading to procurement savings, in addition to reduced costs due to lower fleet numbers.	Financial saving of £75k from 2016/2017 on a recurring basis.	Reduction in fleet numbers to 118 from 143.
Property – Stores	The adoption of a managed merchant model leading to reduced costs.	Financial saving of £200k from 2016/2017 on a recurring basis as Jewson take TUPE transfer of stores colleagues and direct operating costs associated with the stores team.	Increased intelligence on materials demanded by our operations, performance measures in place for materials management, better job costing and materials allocation, improved timescales for non-stock materials availability.
Housing – Community Safety	Bringing together the Wardens / CCTV team to provide a more cohesive service.	Financial saving of £78k for 2016/2017, to increase in future years.	Improved cover in teams, one team approach, reduced overtime payments.
Housing – Sheltered	Improved contracts for community alarms.	Financial saving of £20k from 2016/2017 on a recurring basis.	Consistent contract in place, reduced costs.
Community Investment – Youth & Volunteering	Seek funding from partners to enable delivery of youth and volunteering services across Wythenshawe.	Additional income of £80k .	Extend delivery of successful programmes to: support residents to volunteer in their local community; offer digital skills to primary school children; and engage with local young people.
Community Investment	Review and develop an improved delivery model for working with young people with reduced management costs.	Financial saving of £20k from 2016/2017 on a recurring basis.	Reduced management costs whilst maintaining quality of delivery.
Community Investment	Deliver the 'Wythenshawe Games' sporting event on a reduced budget.	Financial saving of £10k .	Reduce duration of event whilst maintaining quality.
Central	A cost benefit analysis of memberships identified a reduced number of memberships for 2016/2017.	Financial saving of £43k from 2016/2017 on a recurring basis.	Reduced membership expenditure, without impact on service delivery.
TOTAL		£1.531m	

8 VFM Action Plan 2016/2017

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

Objective	Action	Responsibility
Deliver 2016/2017 efficiency savings.	To manage and achieve efficiency savings of c£1.5m for 2016/2017 and to continue to ensure VFM is embedded within the Group, through training, and performance management. This will be supported by the Group's Procurement Strategy, and toolkit which will be developed during 2016/2017.	Senior Management
Delivery of the Housing Operating Model.	To implement the new Housing Operating Model, achieve the efficiencies identified whilst ensuring focused services.	Senior Management
Review return on asset data and Stock Appraisal Model approach to consider alternative models and further benefits they may offer.	To improve analysis of asset modelling data and better inform disposal and investment business decisions.	Senior Management
Improve the measurement of social value across the Group.	To work with other RPs to further develop the HACT model.	Senior Management
Maximise environmental returns.	Implement the Group's Environmental Sustainable Strategy and annual Board up-date on progress.	Senior Management
Enhance tenant involvement.	Future VFM targets to be set based on consultation with tenants.	Tenant Committee Senior Management

9 Summary & Dissemination

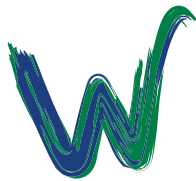
The Group believes that it complies with the HCA's VFM Standard and has demonstrated this within the Group's 2016 VFM Self-Assessment.

The Group has during the year ended 31 March 2016 delivered VFM savings of £2.9 million, which can be split between £0.3 million relating to the Group structure and £2.6 million relating to additional VFM savings against a VFM target of £2.6 million (set out in the 2015 VFM Self-Assessment).

The Group has also identified an additional £1.5 million for 2016/2017.

The Group's VFM Self-Assessment 2016 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 Strategic Report, as part of the 2016 Statutory Accounts. The Statutory Accounts will include a hyperlink to allow direct access to the full self-assessment for all users;
- An abridged version 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

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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