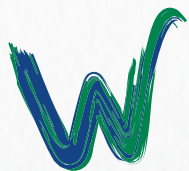
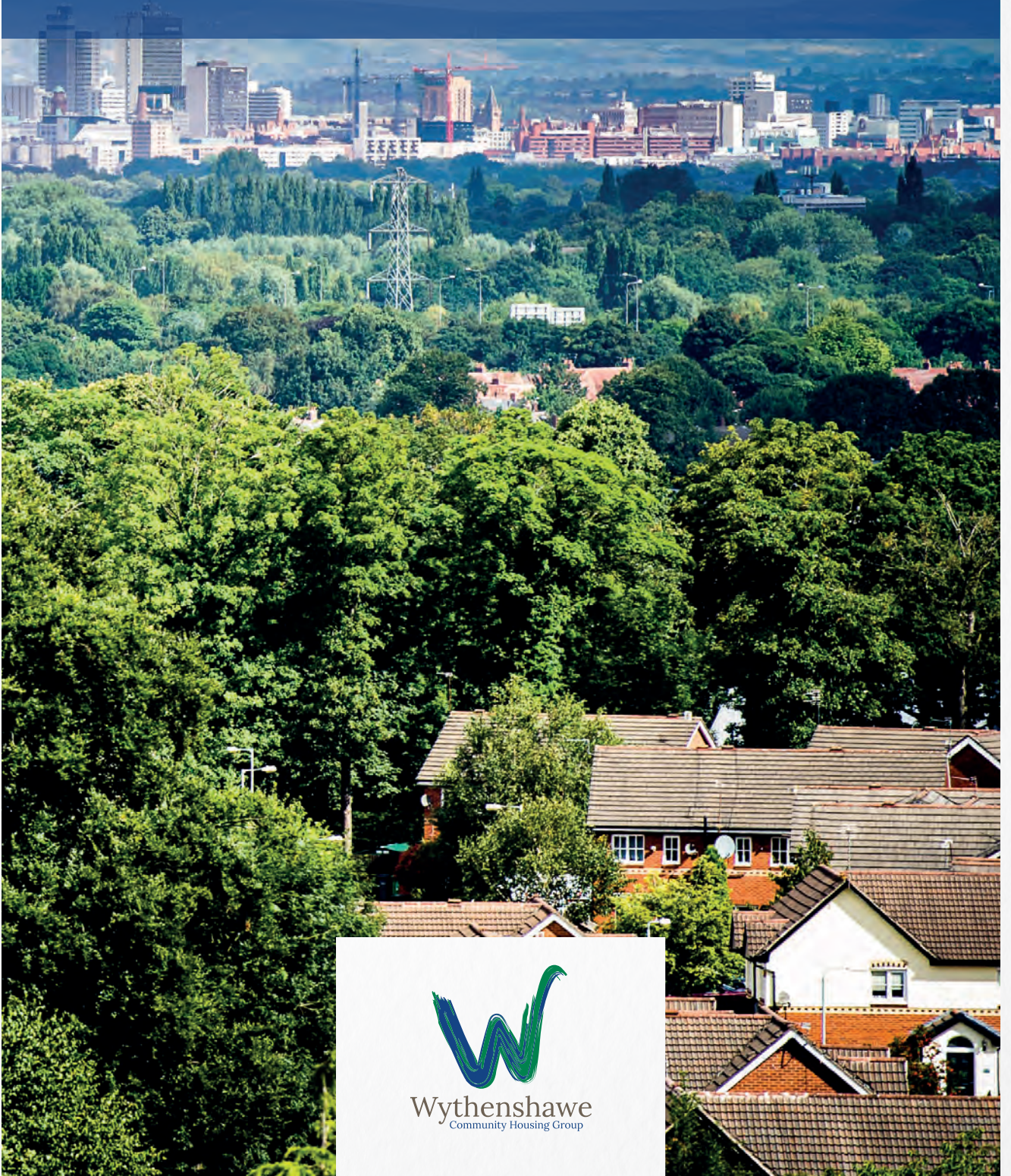


Value for Money

Summary 2018



Wythenshawe
Community Housing Group

WYTHENSHAW HOUSE

Executive Summary

Wythenshawe Community Housing Group Limited (WCHG) was established in April 2013 when Parkway Green Housing Trust (PGHT) and Willow Park Housing Trust Limited (WPHT) entered into a group structure, creating an organisation of almost 14,000 homes and 550 staff. For the year ended 31 March 2018, the Group delivered **£1.2 million** of VFM savings, against a target of £1.1 million. Performance for 2018/2019 will be measured using the VFM Metrics and targets set.

How does the Group deliver Value for Money (VFM)?

VFM underpins decisions made across all areas of the organisation, to deliver the Group's Vision and Objectives included in the Group's Strategic Plan (www.wchg.org.uk/wchg-strategic-plan).

The Group has a comprehensive VFM Strategy (2017-2020) which sets out our approach in delivering VFM. In addition to this summary report, we have included information in the statutory accounts in line with the Regulator's requirements, to ensure that our costs and performance are transparent and accessible to our stakeholders. The VFM summary is available on the Group's and Subsidiaries' websites.

The Group and its Subsidiaries each have a clearly structured 30 year business plan which is reviewed and regularly stress tested to ensure the future financial viability of the Group.

Stakeholders are key to the Group in setting our VFM approach and targets. For example, tenants who are our main stakeholder, have been involved in areas such as reviewing and approving policies, procedures and

strategies. They have also undertaken Service Reviews and Mystery Shopping of our services in order to ensure that the quality offered is in line with the service standards that tenants expect.

We continue to work with a wide range of partners from the local community in order to ensure that the best possible outcomes are achieved for our tenants. As set out in our Annual Report for 2018, we have achieved significant improvements for Wythenshawe by working with the local council, charities, schools and the police. We will continue to find new ways of working to ensure that the maximum benefit is achieved for the investment in the local community.

What is VFM?

VFM is about making the right **choice** in how the Group uses its money and resources.

Economy, Efficiency and Effectiveness are key drivers for VFM for both you and the Group.

Economy

- how well do our services compare with other organisations?

Efficiency

- can we deliver the same service for less money, or can we deliver an enhanced service for the same cost?

Effectiveness

- are we delivering the services that you actually need at the time when you need them?

Year 5 for WCHG (2017/2018)

The Group has again had another successful year with services developed further in consultation with tenants. This has also delivered further savings which have been reinvested into front line services and developments as highlighted below:

“Delivered savings of **£1.2m** during the year against a target of **£1.1m.**”

“**135 new homes** built with 123 transferred into management (2 social rent, 82 affordable rent, 11 market rent, and 28 shared ownership), and 12 outright sale properties.”

“Invested in a range of community schemes (employment and skills, education, community and financial inclusion, youth, health, community safety and involvement) to support and promote regeneration in our community.”

Supported 165 people into work, and 396 people into training, resulting in 89 people ceasing to claim benefits.

“A sustainable development programme of **429 units** consisting of 150 affordable rent properties, 38 market rent properties, 20 special needs accommodation, 158 shared ownership properties, 39 Rent to Buy properties, 24 outright sale properties.”



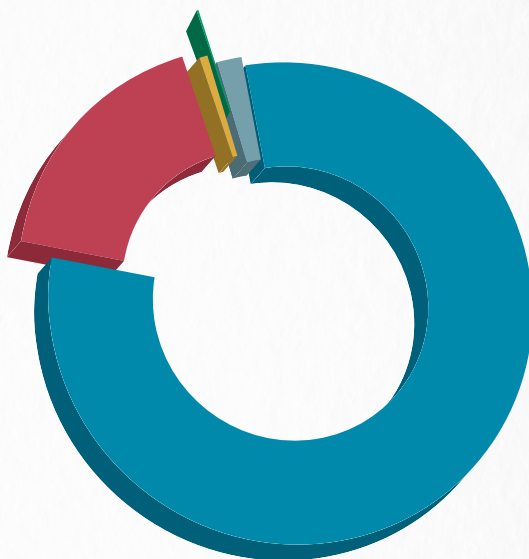
Operations

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, Outright sales proceeds and revenue grants. Income for 2017/2018 (£72.6m) was as below:

Income 2017/2018

- Rental income **£58.6m**
- Disposal proceeds including RTB, Shared Ownership and Outright Sale **£12.5m**
- Revenue Grant income **£0.3m**
- Other income including interest receivable **£0.02m**
- Non-social housing income **£1.1m**

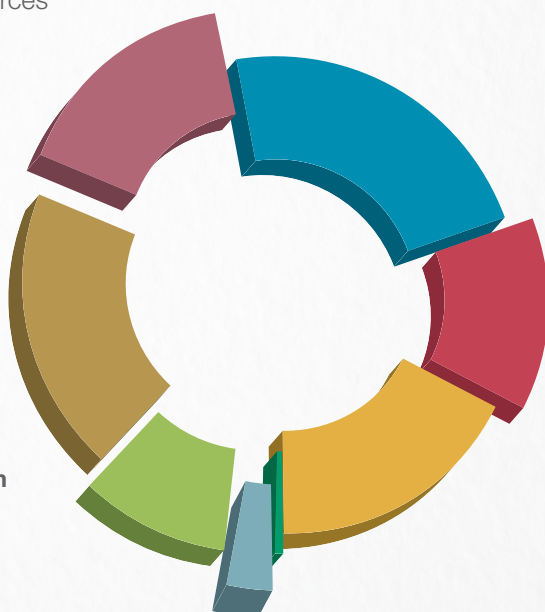


How the Group's funds are spent:

For the year ended 31 March 2018, the above income resources were used to fund the following operational spend (£92.5m):

Expenditure 2017/2018

- Management & Services **£20.7m**
- Routine & Planned Maintenance **£12.0m**
- Investment in Stock **£16.2m**
- Bad debts **£0.6m**
- Other including Regeneration **£2.2m**
- Cost of sales **£8.3m**
- Interest payable **£17.8m**
- Purchase and development of new properties **£14.8m**



Performance

The Group monitors performance in all service areas to ensure that the best possible service is delivered to its Tenants and the wider community. Key costs and performance are benchmarked across the sector through Housemark so that we can compare and understand any differences, and strive for further improvement.

This information is reported to the Group and Subsidiary Boards and also the Tenant Committee in order to be open and transparent. All indicators are continuously reviewed to identify trends and plan for future changes.

The key performance measures for 2017/2018 were...



101.1%

% of current rent collection



3.16%

% of current rent arrears



£193k

former tenant rent collection

We continue to pursue all arrears in order that the rental income can be invested into front line services for all tenants.



93.3%

% of repairs completed on the first visit



99.9%

% of Emergency and Appointable Repairs completed within the target time



99.9%

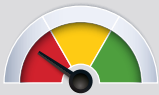
% of customers satisfied with repairs



19.9 days

Total average void turnaround time for properties let in the month (calendar days)

Repairs are a key service for tenants and the Group continues to improve services to ensure that high quality repairs are completed on time and right first time.



86.1%

% of calls - first time fix



98.7%

Satisfaction with contact centre



2.4%

Sickness absence

The Contact Centre aim to answer calls quickly and resolve tenants' queries at the first phone call.

The Group continues to reduce sickness to maximise the effectiveness of our staff.

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

The 2017/2018 VFM metrics are also benchmarked through Housemark via the Sector Scorecard - peer group used is Registered Providers in the North West with stock over 10,000 properties (group includes 13 other organisations).

Section	Indicator	Actual				2016/17	2017/18			2018/19	
		2013/14	2014/15	2015/16	2016/17	Sector Scorecard	Actual	Target	Sector Scorecard	Target	
Business Health	Operating Margin - Overall	11.72%	13.58%	17.94%	20.00%	30.28%	6.11%	18.65%	23.10%	↓	18.38%
	Operating Margin - Social housing lettings	10.78%	13.25%	16.44%	21.10%	31.56%	4.70%	21.47%	26.09%	↓	14.28%
	EBITDA MRI% Interest	189.53%	284.68%	342.67%	346.23%	228.30%	53.24%	67.29%	184.00%	↓	307.25%
Development - capacity & supply	New supply delivered: absolute (social)	117	30	77	99		112	228	165	↑	119
	New supply delivered: absolute (non-social)	0	0	0	30		23	0	0	↓	0
	New supply % (social)	0.86%	0.22%	0.57%	0.73%		0.83%	1.67%	1.00%	↑	0.87%
	New supply % (non-social)	0.00%	0.00%	0.00%	0.21%		0.16%	0.00%	0.00%	↓	0.00%
	Gearing	34.50%	32.41%	32.33%	30.34%	41.60%	33.33%	31.88%	39.70%	↓	37.73%
Outcomes delivered	Customer satisfaction (overall)	89.28%	85.00%	85.00%	85.00%	86.60%	86.30%	85.50%	84.80%	↑	86.30%
	Reinvestment	4.19%	4.01%	5.34%	8.18%		6.89%	10.48%	7.34%	↓	10.64%
	Investment in communities	£1,059,000	£1,516,000	£1,777,000	£1,421,000		£1,432,000	£1,780,600	£1,205,824	↑	£1,870,600
Effective asset management	Return on capital employed (ROCE)	2.27%	2.39%	3.22%	3.84%	4.00%	2.14%	3.28%	4.20%	↓	3.71%
	Occupancy	99.71%	99.79%	99.76%	99.73%	99.50%	99.59%	99.50%	99.28%	↓	99.50%
	Ratio of responsive repairs to planned maintenance	0.75	0.69	0.64	0.47	0.68	0.58	0.60	0.69	↑	0.53
Operating efficiencies	Headline social housing cost per unit	£3,404	£3,203	£3,137	£3,009	£3,306	£3,721	£3,390	£3,210	↓	£3,510
	Management cost per unit	£825	£732	£741	£684	£948	£943	£952	£986	↓	£811
	Maintenance cost per unit	£864	£784	£731	£569	£923	£766	£693	£825	↓	£708
	Major repairs cost per unit	£1,157	£1,138	£1,136	£1,207	£693	£1,316	£1,154	£742	↓	£1,338
	Service charge cost per unit	£481	£437	£398	£443	£334	£590	£591	£296	↓	£653
	Other social housing costs cost per unit	£78	£112	£132	£105	£180	£106	£0	£176	↓	£0

The Business Health metrics have been adversely impacted on this year by the higher routine, planned maintenance & major repairs expenditure which was higher than budgeted due to the additional fire safety related costs incurred in the year.

In addition to this, the margins were also lower due to the refinancing costs which were incurred in this year, these are non-recurring costs which have led to the organisation's significantly lower interest costs going forward (an annual reduction of c£1m).

Development supply was behind target due to delays on two of our significant sites - Bramcote and Greenbrow. As a result of this, gearing is slightly higher than budgeted. This also accounts for the under performance on the Reinvestment metric.

Green = performance is better than target

↑ = Performance improved from last year

Orange = performance is below target.

↓ = Performance worse than last year

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.

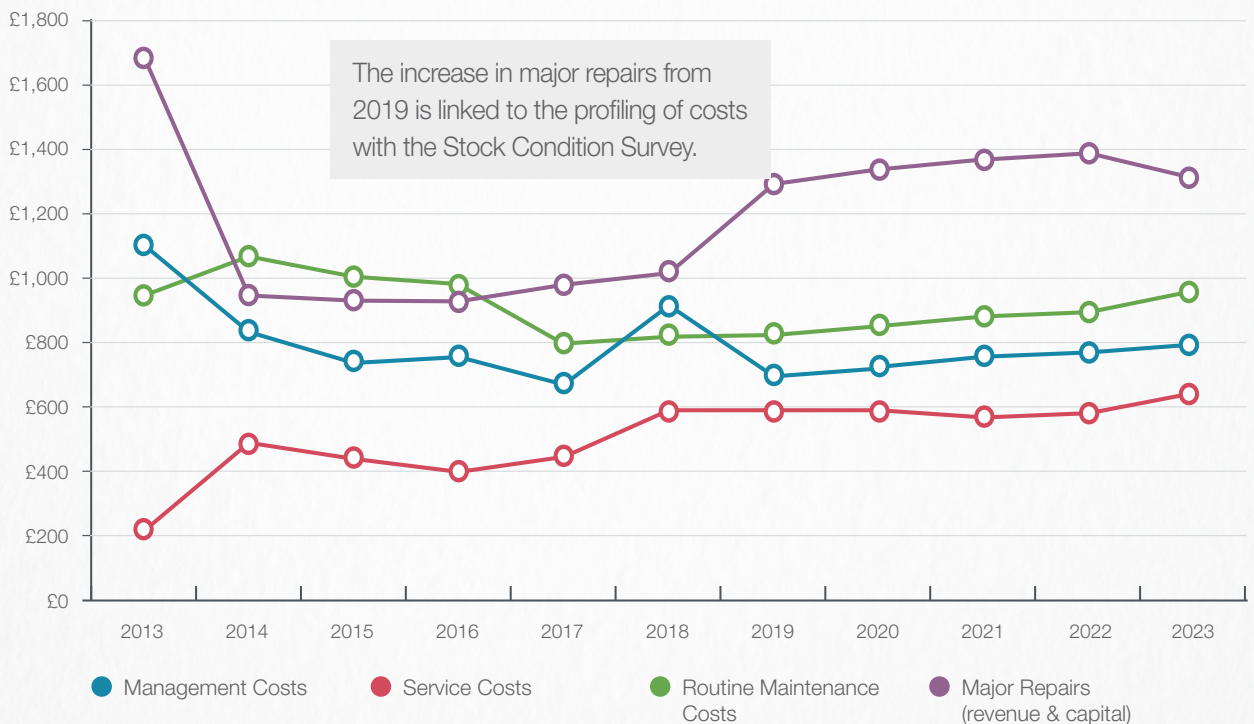
The Group is a member of Housemark, BOB¹, Northern Housing Consortium, ContactNet, APSE²; and HQN³. For areas where there are no national benchmarking mechanisms (e.g. Financial Inclusion, grounds maintenance, facilities), we have facilitated

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 Accounts⁴ information:

Cost per property - CPP	WCHG 2013	Global Accounts 2013	WCHG 2014	Global Accounts 2014	WCHG 2015	Global Accounts 2015	WCHG 2016	Global Accounts 2016	WCHG 2017	Global Accounts 2017	WCHG 2018	Direction of Travel ⁵
Management Costs	£1,072	£952	£825	£990	£732	£1,034	£741	£1,036	£684	£943	£943	↑
Service Costs	£232	£498	£481	£517	£437	£514	£398	£529	£443	£551	£590	↑
Routine Maintenance Costs	£939	£993	£1,073	£1,016	£1,008	£1,016	£967	£998	£802	£991	£885	↑
Major Repairs (revenue & capital)	£1,675	£989	£948	£985	£914	£929	£900	£876	£975	£747	£1,198	↑
Other	£172	£152	£202	£143	£200	£144	£295	£520	£303	£467	£325	↑
Total	£4,089	£3,584	£3,528	£3,651	£3,290	£3,637	£3,300	£3,959	£3,206	£3,699	£3,940	



¹ BOB – Back Office Benchmarking ² APSE – Association of Public Service Excellence ³ HQN – Housing Quality Network

⁴ Global Accounts – average cost per property across traditional and stock transfer organisations

⁵ Direction of Travel – key: ↓ - reducing costs; ↑ - increasing costs; ↔ - no change

Way Forward

The Group is well placed to deal with the future challenges that it will face and has evidenced 5 years of delivering VFM services whilst continuing to identify new ways to deliver services economically, efficiently and effectively.

The Group delivered VFM Savings of £1.2m during 2017/2018 against a target of £1.1m. Savings made included £475k relating to development and investment, £100k from the Group's property maintenance service, a further £386k from housing management, £169k from community investment and £39k from the Group's central services. We

have delivered this saving by continuously reviewing the services that we offer and working with tenants to adapt services to meet their individual needs. Performance for 2018/2019 will be monitored through the VFM Metrics and targets set.

The Group will continue to build on the strong performance demonstrated over the last 5 years, looking for more efficient ways of delivering the services our tenants want, against the backdrop of the 1% rent reduction from 2016 to 2020, in addition to Welfare Reform.

The Group will work with tenants, partners and stakeholders to continue to deliver key services to tenants and the community.

We will continue to work with other similar organisations to develop our measurement of social impact in all our activities.

The Group will continue to invest in new opportunities for Wythenshawe and review its existing stock so that it continues to provide high quality homes to our tenants and meet the Decent Homes Standard.

The Group will be working towards further improving its return on asset approach helping to ensure we are better informed when assessing all the options available regarding our properties.



To find out more please see www.wchg.org.uk/vfm

Further information is also included in the Group's Annual Report

www.wchg.org.uk/Annualreport2018



Contact Us

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w: www.wchg.org.uk

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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

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