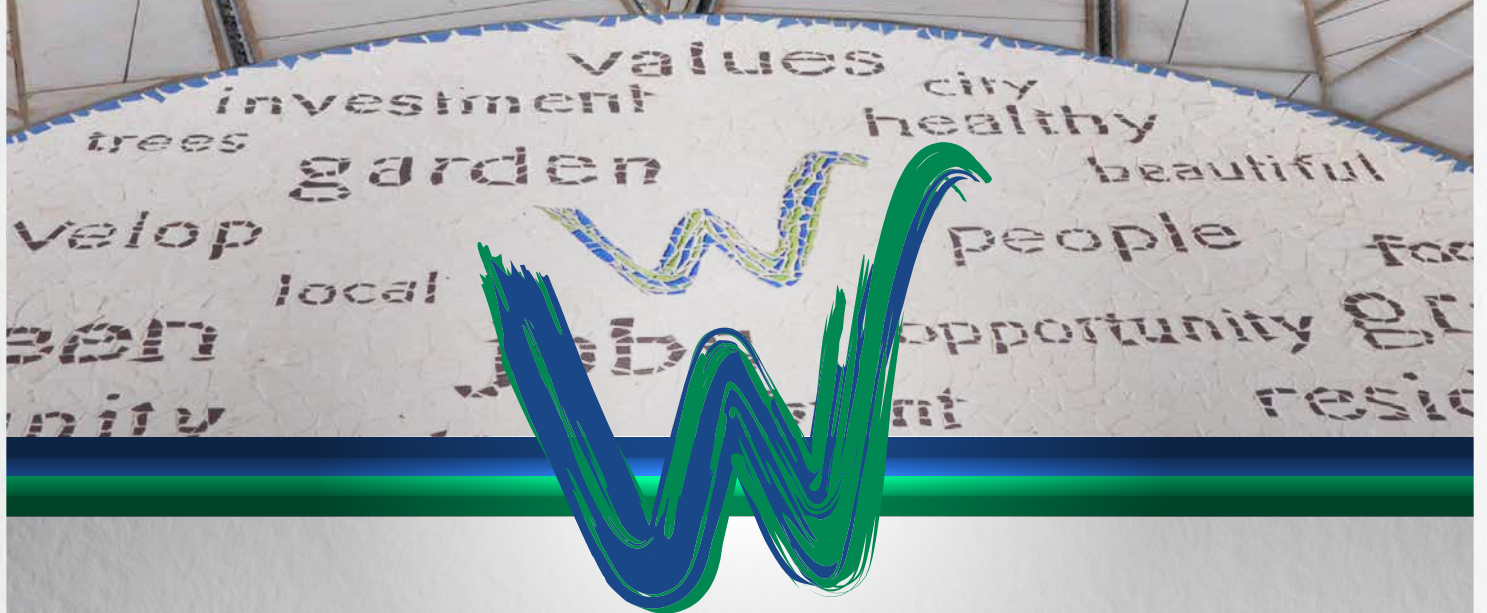


# Value for Money

2014 Self Assessment



Wythenshawe  
Community Housing Group









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## Foreword from Martin Oldfield, Group Board Value for Money Champion

"As a result of the Group coming together in 2013, significant financial savings of £4.2 million were made in 2013/2014, and a further £1.2 million is planned for the following year. WCHG recognises the need to continually review its service delivery to ensure that its services remain relevant and that costs are benchmarked, where appropriate, to show they deliver good value."





# I Executive Summary

Wythenshawe is Manchester's largest district, with a stock profile of mostly 3 bedroom houses, designed in 1927 as a '**Garden City**' covering Baguley, Benchill, Peel Hall, Newall Green, Woodhouse Park, Moss Nook, Northern Moor, Northenden, and Sharston. 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 Limited (PGHT)** in west Wythenshawe (2006). These organisations were set up with a focus on improving the community as well as managing and maintaining the stock to ensure the Decent Homes Standard was achieved. **Wythenshawe Community Housing Group Limited (WCHG)** was established in April 2013 when PGHT and WPHT entered into a group structure, creating an organisation of almost **14,000 homes**. Key to the creation of WCHG was a business case which outlined the key financial and non-financial benefits of delivering the group structure, including forecast efficiencies of £2.9m annually.

For the year ended 31 March 2014, WCHG delivered the following:

- The Group identified and delivered savings of **£4.2 million** in areas such as procurement and service delivery, without compromising the excellent performance levels and quality of the services, as evidenced through the performance indicators;
- **117 new homes** were built and transferred into management during the year;
- We helped our tenants, gaining **£804k** in welfare benefits, and writing off **£1.4 million** debts through debt relief orders, bankruptcy orders etc;
- A social return of **£5.56 million** across a number of community investment schemes (local apprenticeships, learning and support programmes) on an investment of £1.06 million. The Group will now extend this methodology across other service areas.

The Group's 'First Anniversary' publication can be accessed on the Group's website and through the hyperlink ([http://www.wchg.org.uk/wp-content/uploads/wythenshawe-1-year-anniversary-brochure\\_final\\_web.pdf](http://www.wchg.org.uk/wp-content/uploads/wythenshawe-1-year-anniversary-brochure_final_web.pdf)).

For 2014/2015, the Group has set a Value for Money (VFM) target of **£1.2 million** and will also be further improving the understanding of the Return on our Assets, developing a new methodology which will link into the Group's Asset Management Strategy.

*"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."*

*"The Group made savings of £4.2million in 2013/2014"*

*"The Group plans to save £1.2 million in 2014/2015"*





## 2 WCHG's Vision & Challenges

WCHG's vision is to create:

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

The values of the Group are built upon **Honesty, Respect, Communication, Teamwork, and Passion.**

The Group's 5 year **Strategic Plan Towards 2020** includes **6 key challenges** (Growth; Services; Partnerships; Viability; Community Investment & Towards Independence, breaking dependency) which are to be delivered by 2020.

Each of these key challenges will be the subject of strategic focus throughout the next 6 years, supported by the Group's annual **Corporate Plan** and **Service Plans**.

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

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





### 3 Strategic Approach to VFM

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

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

This can be achieved through the 3 Es as follows:

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

WCHG is committed to delivering VFM, as VFM underpins the delivery of the Group's Vision and Objectives (Section 2).

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

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

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

- *Develop the understanding of staff and promote a VFM culture within the Group. This is discussed further in Section 6;*
- *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 6;*
- *Ensure that VFM products or services are delivered to customers (Section 8); and*
- *Ensure compliance with the HCA's VFM Standard.*

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

**3.1 The Group and its Subsidiaries each has a 30 year business plan which is reviewed annually** – these were last approved by the Subsidiary and Group Boards in March 2014. The Group's business plans are stress tested to ensure financial viability is not adversely affected by changes in the operating environment.





**3.2 The annual budget setting cycle** for the Group commences in October of each year, the Group takes a **Zero Based Budgeting** approach – all costs are reviewed annually by each service area to ensure they remain valid and appropriate, helping eliminate waste. This has resulted in VFM achievements greater than anticipated (*detailed in Section 8.2.3*), and tighter budgets.

**3.3 Financial and non-financial performance data** is reviewed monthly by the Executive Team. Monthly Corporate Performance meetings are held to review and challenge performance and identify areas for improvement.

**3.4 Efficiency Savings Monitoring reports** provide detail of the Group's ongoing work to ensure that the efficiency savings identified in the approved business case for the Group structure continue to be delivered. These are reviewed and discussed at Board. Whilst initially developed for the Group structure efficiencies, this will continue to report VFM achievements for the Group, and will be linked to the **VFM tracker**.

**3.5 The Tenant Service Review Group** reviews service delivery and performance management information, allowing tenants to hold the Group accountable for VFM, and to influence resource allocation. An example of this is the Group service review of the Tenancy Sign up Process supported by the Allocations Team. 22 recommendations were identified and suggested for improvement, resulting in the creation of a consistent offer for all tenants from both Subsidiaries when signing up for a property. Changes were made to offer letters; welcome packs and post let visits timings leading to VFM savings of c£2k as one welcome pack and

welcome card was designed, saving on print costs. Three front line service reviews have been planned for the Group's second year.

**3.6 The Group has 5 Service Panels**, each meet on a quarterly basis to review and monitor performance across front line services (e.g. Community Safety, Allocations, Customer Access and Involvement, Repairs, and Rents). These Service Panels are key to shaping the Group's policies and strategies prior to presenting to the Group Tenants Committee for approval.

Examples of where the above panels have considered VFM decisions are:

- **Tenancy Panel** – reviewed the incentive scheme for tenants wishing to leave their property, this has resulted in savings to the Group of £15k and improved void turnaround times.
- **Home Panel** – considered the Out of Hours repairs service and based on the costings, recommended bringing the service in house, representing a saving of around £15k.

*“22 –  
Recommendations  
made by Tenants when  
reviewing the Sign  
up process”*





## 4 Stakeholders

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

The Group recognises stakeholders at the wider level as follows:

Stakeholder	What they value	What is delivered
Tenants & Residents	That decisions are taken in the best interests of tenants, securing the expected levels of quality, cost and range of service delivery.	<p>The Group Tenants Committee reports to the Group Board, and reviews the delivery of all customer services, performance management and recommends approval of all policy and strategy changes for the Group. This includes proposals for change, for example the Committee recently made recommended changes to a proposed Customer Incentive Scheme.</p> <p>The Service Review Group and the 5 Service Panels support the Group Tenants Committee. VFM updates are submitted to the Group Tenants Committee throughout the year including the development and approval of the Group's Strategy and VFM Self Assessment.</p>
Local Authority – MCC & Trafford	The Group is a fundamental partner of Manchester City Council (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>Some examples of projects delivered include:</p> <p>The Neighbourhood Delivery Team pilot saw the setup of one integrated team to deliver neighbourhood services across the whole of Wythenshawe, reducing management costs for MCC and reduced duplication and improved efficiency for the Group.</p> <p>The Group is a key player in the Manchester Move partnership; the city's choice based letting service, which has resulted in VFM efficiencies for all participants as only one application needs to be made to access the housing register across the city. Other administrative efficiencies of over £40k have been delivered through the partnership.</p> <p>We support the 'Troubled Families' initiative, this provides intensive support to families on a holistic basis to tackle the root problems and issues, resulting in VFM savings to us in terms of reduced officer time in other areas and a costed saving to the public purse. The success of the 'Troubled Families' pilot in Wythenshawe has ultimately led to the development of a new Complex Dependency model of public sector reform focusing on families and individuals who have multiple and complex issues that cannot be met under universal provision alone.</p>
Funders	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.	These facilities have supported both investment in existing stock to achieve 100% Decent Homes, and the development of 117 new homes in 2013/2014.



Stakeholder	What they value	What is delivered
Partner organisations	<ul style="list-style-type: none"> <li>• The Group works with a number of other partners such as:</li> <li>• JV North – development consortium</li> <li>• Procure Plus – OJEU compliant procurement framework</li> <li>• Manchester College;</li> <li>• Manchester Enterprise Academy;</li> <li>• BIG Lottery Fund;</li> <li>• Manchester United Foundation;</li> <li>• Heritage Lottery Fund;</li> <li>• Job Centre Plus and other local employers.</li> </ul>	<p>Some examples of projects delivered include:</p> <p>Our award-winning Futures programme - which aims to improve the employability of people furthest from the job market - was supported by Job Centre Plus and the Youth Contract Wage Incentive. To date, <b>53 people have taken part in Wythenshawe Futures with 78% of them subsequently going into employment.</b></p> <p>Talent Pool is a tool devised by the Local Enterprise Partnership which enables businesses to deliver on a pledge to ring-fence 25% of their entry-level vacancies to local residents. WCHG manages the local Talent Pool providing a recruitment service in partnership with the Manchester College for local employers, such as Mitie, Bespoke and Costa Coffee. <b>During the year, 51 candidates from the Talent Pool went into employment.</b></p>
Regulator	Viability and compliance with the Regulatory Code and Standards.	<p>The HCA has performed independent assessments of various aspects of the Group's activities as part of their annual regulatory plan for the Group, based on the business plan submissions, the financial forecast returns, the statistical data returns, the quarterly survey returns, the annual financial statements and the auditor's report to management.</p> <p>The HCA issued the following strapline in October 2013:</p> <p><b>“The Group meets the expectations on viability set out in the Governance and Viability standard and has the capacity to mitigate its exposure effectively.”</b></p> <p>During the year, the Group received a total of <b>£2.3m grant</b> from the HCA which went towards the development of <b>117 new homes</b> which transferred into management during 2013/2014.</p>
Managers, Leadership Team	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.	The Group's performance management framework is described in Section 6, in addition to actual performance against target. VFM achievements delivered by the Management team can be found in Section 8.
Auditors	<p>The External Auditors annually audit the Group's Statutory Accounts, which includes a review of the VFM section included within the <b>Operating and Financial Review</b>.</p> <p>The Internal Auditor (KPMG) carries out an annual review of the effectiveness of the Group's internal control system.</p>	<p>The Group's External Auditors issued a 'clean' opinion on the Group's Statutory Accounts, including the Operating and Financial Review.</p> <p>As part of the Group's Internal Audit Annual Plan for 2013/2014, the Internal Auditor reviewed 5 key risk areas during the year (Core Financial Systems; Human Resources; Responsive Repairs and Maintenance; Risk Management; and Welfare Reform and Arrears Management).</p> <p>The Internal Auditor noted <b>“that this is a period of change for the Group and many of the recommendations made reflect the infancy of systems and processes in place”.</b></p>



## 5 Decision Making & Governance

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

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



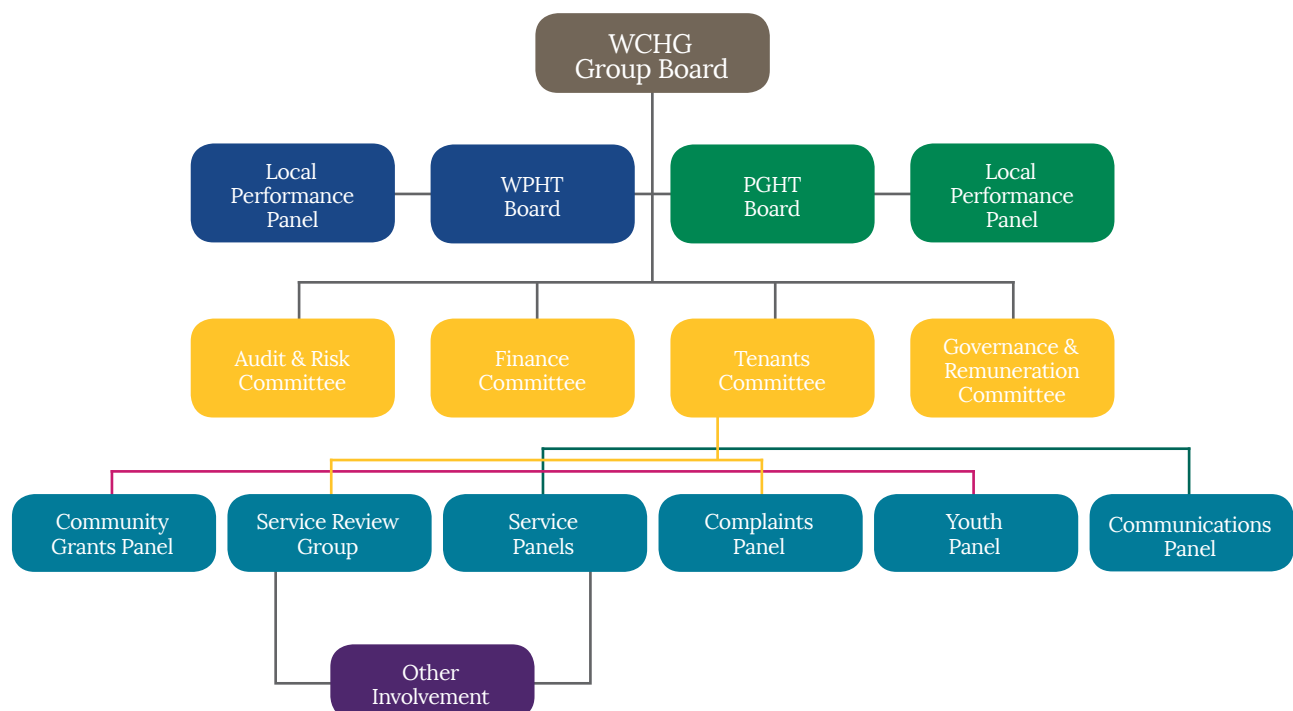
The above golden thread is supported by the Group's approach to performance management (Section 6) ensuring its delivery and integrity.

Customer satisfaction feedback is analysed to ensure we can further develop our services to our tenants. The Group regularly carries out tenant satisfaction surveys; during early 2014/2015 we commissioned **STAR (Survey of Tenants and Residents)** which has recently been completed. The results will be used to develop the Group's Corporate Plan and Service Plans further for 2015/2016.

As referred to previously (Section 3), **Tenant Service Panels** and the **Group Tenants 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 understanding and challenging how the VFM Strategy is delivered.







The **Board** recognises 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. In compliance with this requirement, the Group has adopted the **National Housing Federation's Codes, Excellence in Governance and Excellence in Conduct**.
- The Governance framework includes a **Group Finance Committee** and a **Group Audit & Risk Committee** who can offer more detailed challenge and scrutiny in relation to VFM.
- Board recruitment endeavours to ensure it includes members with expertise in key areas such as finance, development, housing, regeneration.
- All Board and Committee reports include a formal requirement for VFM implications to be identified.
- Performance Management update reports are produced monthly and are reviewed by the Group Audit & Risk Committee and the Boards at each meeting. Management accounts for the Group and the Subsidiaries are also produced monthly and presented to the Group Finance Committee and to the Boards at each meeting.
- The Board also receive Efficiency Savings Monitoring reports at each meeting, and this will continue during 2014/2015 to report and monitor the progress made by the Group in delivering the efficiency savings identified in setting up the Group structure.
- VFM updates have been submitted to Group Board and the Board have been fully engaged in the development of the VFM Self-Assessment, leading to its formal approval before publication.
- Board Awaydays held annually and in 2013/2014, have covered areas such as Welfare Reform, Treasury Management, Funding, VFM and the development of new homes – all of which have an impact on VFM for the Group.
- The Group Board has appointed a **VFM Board Champion**, who has been engaged as part of the VFM self-assessment process. Engagement will continue through the year 2014/2015 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. GLT is responsible for ensuring that the Group's strategic risks are regularly reviewed, updated and scrutinised by the Group Audit & Risk Committee and reported to the Board on an annual basis. Managers are responsible for reviewing and updating operational risks for each service area.

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

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





## 6 Performance Management

### 6.1 Internal Performance Management

The performance of the Group (WCHG) and its Subsidiary organisations (WPHT and PGHT) is monitored by the Group Board, the Subsidiary Boards and the Group Tenants Committee.

The Group has developed a robust performance management framework which is led by the Corporate Performance Group (Section 3), which is made up of senior managers from across all service areas of the Group. This group reviews performance through Key Performance Indicators, satisfaction and financial data and reports to the GLT and Board.

The Group's **Covalent reporting system** is currently used to capture and report the data.

During autumn 2014 the Group will be embedding a **Business Intelligence System (Qlik)** which is expected to further improve our ability to analyse and utilise data to improve reporting and performance across the Group, by linking all the ICT systems in use. This will enable cost and performance to be reviewed together.

This improved level of information will enable staff to manage and interrogate their performance indicators on a timelier and more focused basis. It is expected that the Group will realise efficiencies from this project from 2015. In the Group's Strategic Plan a specific separate VFM objective has been developed for each service area to help embed VFM throughout the Group across all business areas.

The Group's Appraisal framework has a clear VFM competency (demonstrating efficiency and effectiveness) which every member of staff is measured against. Managers have received training in the application of the framework and every member of staff has in place performance targets which are monitored through the monthly one-to-ones and appraisal reviews.

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

### 6.2 External Performance Management

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



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

The Group will also be joining the BOB (Back Office Benchmarking) group which will allow comparison of our back office services. This network has previously been used by PGHT to benchmark its costs. Key performance for WCHG for 2013/2014 was measured and benchmarked as below:

Board Indicators Description	Target 2014	Actual Performance 2013/2014	Housemark quartile
% of current rent collection	100%	98%	Median
% of former tenant rent collection	40%	35%	Upper
% of current rent arrears	3.2%	5.0%	Lower
Property Turnover Percentage	5.5%	6.1%	
Total average void turnaround time for properties let in the month (calendar days)	20.5 days	22.3 days	Upper
% of calls - first time fix	90%	88%	
Satisfaction with contact centre	97%	98%	
Sickness absence	3.5%	3.4%	Lower
% of properties having a gas safety inspection within the last twelve months.	100%	99.99%	Median
% of Emergency and Appointable Repairs completed within the target time	99.9%	99.9%	Upper
% of repairs completed on the first visit	96%	99%	Upper
% of customers satisfied with repairs	95%	96%	Median

Targets are set in line with objectives, the level of performance that our tenants require and that can be delivered within budget.

2013/2014 has been a challenging year for rent collection and has been impacted by the Welfare Reform changes, particularly the Under Occupation charge. Due to the stock profile, Wythenshawe has been identified as the highest area in Manchester with the potential to be impacted by the Under Occupation charge. Two reviews have been undertaken during the year to assess the impact of the Under Occupation charge:

- Bedroom Tax six months on  
(<http://www.wchg.org.uk/wp-content/uploads/WCHG-bedroom-tax-final-A-view-from-the-north.pdf>);
- Bedroom Tax one year on  
(<http://www.wchg.org.uk/wp-content/uploads/WCHG-bedroom-tax-12pg-FINAL-HR.pdf>).

However, a number of actions have been implemented this year and we expect relative performance to improve next year.

Voids turnaround has seen a marked improvement from the beginning of the year, which is as a result of focused work from the teams involved to redefine and improve process. The improvement in performance of this indicator equates to savings of **£150k per annum**.



Property turnover has stayed static throughout the year, and we have not experienced issues with demand that we are aware is becoming an area of risk for others in the sector. Though performance was below target, this is consistent with previous years and we understand the reasons for this, e.g. under-occupation moves and schemes aimed at transfer tenants. We now closely monitor our demand data so that any triggers can immediately be responded to, to protect our income and ensure our properties are let efficiently.

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

Trust	2011/2012	2012/2013	2013/2014
PGHT	Investors in People Gold / Champions; 1st housing organisation to receive the Health and Wellbeing award		-
WPHT	Investors in People Silver	Investors In People Gold; Health and Wellbeing award	-
WCHG	N/A	N/A	Customer Service Excellence; Housing Diversity Network; Fair Train Gold; Living Wage Accreditation

The Group will be aiming to achieve IIP Gold in its assessment in November 2014.



## 7 Employment, Capacity and Capability

Salary costs form c32% of the Group's expenditure. The Group's current expenditure on salaries is £18.5 million employing 560 people. On formation of the Group on 1 April 2013 the organisation embarked on a major restructuring programme which has been completed by 31 March 2014, 12 months ahead of schedule. The Group also looked at different working patterns reflecting business needs better as part of this programme. This programme delivered over £3 million of efficiencies across the Group. A further review of structures is planned for autumn 2014 to measure if the new structures are delivering VFM services to tenants.

Through the application of effective support mechanisms, revision of the absence policy and a robust approach taken to the management of sickness absence, employee absenteeism for 2013/2014 was 3.44%, which is below the Group's target set at 3.5% (national average 3.4%).

It is expected that further savings will be realised in 2014/2015, with the Group working towards a target of 3.25%. The first quarter of 2014 reports a reduction of 1% compared with the same period in 2013/2014.

3.44% sickness level across the Group.



## 8 VFM Achievements 2013/2014

### 8.1 Assets (Incorporating Return on Assets)

#### 8.1.1 Economic Returns:

##### Current Stock:

The Group's stock is surveyed on a 4 year cycle (industry guideline is 5 years); the most recent **Stock Condition Survey** was completed in November 2013 using a 14% sample. Our stock is split into property groups based on the archetype and then analysed using financial techniques such as **Net Present Value**. This has been overlapped with the day to day information of repairs demand to identify ways of saving money by batching preventative works together. Investment decisions are then made utilising all available data.

Since April 2013 the Group has brought together a number of contract arrangements to extract greater value from the increased volume, this includes the following achievements:

- reroofing saving **£100k**;
- external painting saving **£50k**;
- brickwork repairs and repointing saving **£50k**;
- boiler replacements saving **£210k** from contracts.

The Group now identifies salvageable components such as slate from roofs, lead flashings and copper cylinders. The impact of this is estimated to be a reduction of 100 tonnes per year taken to landfill, a saving of **£15k** in waste costs.

High occurring responsive repairs are analysed and where possible dealt with on a programme basis. Examples of this include:

- Chimney Repairs - where safe to do so chimney repairs are deferred until the reroofing programme reaches the affected property, generating efficiencies of **£10k** per annum.
- Internal Doors - one of the most frequent responsive replacement requests. We are now piloting a programme, initially undertaken during a void period, to replace all internal doors within a property. Initial results from this indicate a saving of around £50 per door installed which could generate efficiencies of **£20k** per annum.

Favourably performing stock for the Group is estimated to be in excess of **95%**; 5% of the Group's stock is determined to be underperforming – the key driver being the type of stock, e.g. sheltered housing stock (0.7% of the total stock).

Voids and letting performance data is also utilised by the Group to develop an understanding of the return on assets at the detailed level. Stock demand, turnover and costs are some of the key drivers behind the model. The Group has set and delivered upper quartile targets for voids and lettings which continue to be delivered against yet a keen focus is placed upon stock which poorly performs. A current example is our Sheltered Housing schemes as identified previously, which are going through a formal options review following a 2 year trend of poor performance in terms of NPV. In recent years the Group has also identified pockets of 3 storey flats yielding poor NPV's and careful balance of demolition and investment (management & physical), has taken place to tackle the underlying trends identified. In addition to these cyclical trends and annual assessments, the Group undertakes individual high void cost appraisals to examine and consider return on asset prior to undertaking relet works. This ensures resources are carefully considered prior to commitment and appropriate choices made.



The Group is working with **Investment Property Databank Limited (IPD)** to develop return on asset information at a location and stock type level to further improve our decision making in this area. Options will involve decisions relating to capital investment, disposals, demolitions, and conversions. The data will also be assessed against a suitable dataset ensuring the Group can benchmark.

The Group has Asset Management Strategies, Plans and Environmental Investment Strategies at Subsidiary level, and is in the process of developing overarching Group strategies which will ensure consistency across the wider Group. The Strategies have and will deliver the following:

- An increase in the VFM of all asset management and investment activity;
- Ensure a detailed understanding of assets, cost drivers and opportunities to maximise the return from our investment choices;
- Maintain our current upper quartile customer satisfaction scores through a suite of indicators with consistent key questions.

Asset management data for both Subsidiaries is also now held centrally on one common system, Promaster, which is linked to the Group's housing management system. During the year, targets have been developed to reduce repairs demand by a further 5% (£140k) by focusing investment choices to balance age and condition. This drive to more intelligent replacement life-cycles on components enables a return from the investment within repairs spend. For heating and roofing replacements, programmes are based upon current repairs demand, current condition and overall age rather than the traditional age only approach.

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

Along side the physical work, we will work with our tenants to promote changes in behaviour which will reduce carbon emissions and save them money.


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:

Each new scheme is subject to a comprehensive **Development Scheme Appraisal** where the **Net Present Value** of the scheme is only part of the evaluation process. The scheme must demonstrate a strong net present value before it can be taken any further. During 2013/2014 the Group completed 117 new properties.

The Group also purchased five homes under the Empty Homes Programme, completed ten mortgage rescues and several miscellaneous purchases, after having satisfied itself that this represented good value financially and for the community.

Demolitions totalling 108 across the Group were identified in 2013/2014 through the Group's Asset Management Strategy as structurally beyond economic repair. A detailed set of option appraisals revealed demolition as the most suitable investment choice and consultation commenced immediately with tenants impacted to find tailored alternative housing. The demolitions will take place in 2014/2015, creating a brownfield site that will enable the development of 120 new homes under WCHG's Affordable Housing Programme 2015-2018. As part of the programme 21 units were converted from social rent to affordable rent generating additional annual income of £21k. The target for 2014/2015 is 62 units across the Group.



Average energy rating is C, plan to get all homes to B by 2027.



### 8.1.2 Social Returns:

During the year, the Group worked with **Baker Tilly Corporate Finance LLP** assessing the **Social Return on Investment (SROI)** on a number of community schemes. The table below demonstrates the social return to the Group using this model:

Scheme	Investment £m	Value attributable to the Group £m
Local apprenticeships	£0.3m	£1.1m
WoW Zone	£0.16m	£2.6m
Futures Fund	£0.5m	£1.5m
Turnaround	£0.1m	£0.36m
<b>Total</b>	<b>£1.06m</b>	<b>£5.56m</b>

**Local Apprentices** – the Group is one of the first housing providers to run dedicated pre-employment courses for their entry level positions and apprenticeship programmes across the organisation. Positive outcomes from this programme include:

- Young people less likely to be NEET<sup>1</sup>;
- Aspirations raised reinforcing the cycle of aspiration and achievement in the community;
- Increased distributable income within the community benefitting local businesses.

**WoW Zone** – The key aim of the project is to deliver out of school learning programmes to all of Wythenshawe's primary schools, 400 children visit the WoW Zone each year. Positive outcomes from this programme include:

- Young people less likely to be NEET;
- Increase in confidence and wellbeing of children leading to improved wellbeing in families.

**Futures Fund** – this is a training programme coupled with a full time work placement and support network. From April 2010 to March 2012, 23 local people were offered placements across the Group. Positive outcomes include:

- 70% of those tracked through this programme have found employment or entered further education.

**Turnaround** – this was established in 2009 to provide opportunities for Prolific Persistent Offenders (PPOs) from Wythenshawe. The project provides 3 twelve month placements, offering long term support and employment. Positive outcomes from this programme are:

- Reduction in crime and ASB;
- Increase in wellbeing of the individual, family and wider community.

Further information can be found in the Group's Summary Social Impact Evaluation publication (<http://www.wchg.org.uk/wp-content/uploads/Social-Impact-Community-Projects.pdf>).

### Future Plans:

The Group will be developing the above social impact measurement methodology across all areas of Community Investment, and will aim to roll this out to other service areas where social returns are achieved (e.g. Financial Inclusion, Community Safety).





### 8.1.3 Environmental Returns:

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

Description	VFM saving
Rather than demolishing 251 poorly performing steel framed, concrete panel houses (BISF Riley), the Group used a specialist contractor utilising CESP/ <sup>2</sup> CERT funding to provide an external insulation system. This has improved the thermal insulation and air permeability of these homes.	BISF estimate that such solutions will reduce the energy costs to the resident by around <b>£300 per year</b> . The carbon benefit of these installations is estimated to be in the region of <b>850 tonnes per year</b> .
350 units of older persons accommodation had Photo Voltaic panels installed, these works were completed in conjunction with re-roofing and insulation works to minimise the carbon impact, cost and disruption to residents.	The residents receive free electricity generated, estimated to be worth in the region of <b>£120 per annum</b> . The generation and feed in tariff (fit) income is used by the Group to fund the investment and will ultimately deliver a <b>9%</b> return on investment (ROI). The carbon benefit of these installations is estimated to be in the region of <b>350 tonnes per annum</b> .
The Group works with North West Insulations (NWI) to identify poorly performing assets in relation to insulation levels. Approximately 3,000 properties have received treatment and approximately 500 properties have been identified as needing work. In 50% of cases NWI are able to procure grant funding for these works.	The Energy Saving Trust calculates that for each installation in a mid-terrace property, the reduced heating cost is approximately <b>£95</b> for Cavity Wall Insulation (CWI) and <b>£120</b> for an upgrade in loft insulation from 100mm to 270mm. The carbon saving would be c400kg for CWI and c500kg for increased loft insulation.
The Group works with all of its contractors to minimise and recycle waste created by the work it undertakes, it has created a recycling facility where waste is sorted between green, recyclable and requiring landfill. In seven years it has moved from 100% waste going to landfill to less than 20%.	The cost of commercial waste to landfill is c£150 per tonne and the Group estimates a reduction in annual waste to landfill to be around 100 tonnes saving <b>c£15k</b> .
Household goods left in vacant properties are assessed before disposal and where possible are donated to furniture banks in the area.	The cost of disposal of white goods is £40 per item and last year the Group donated c100 such items saving <b>c£4k</b> in disposal costs.



## Future Plans:

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

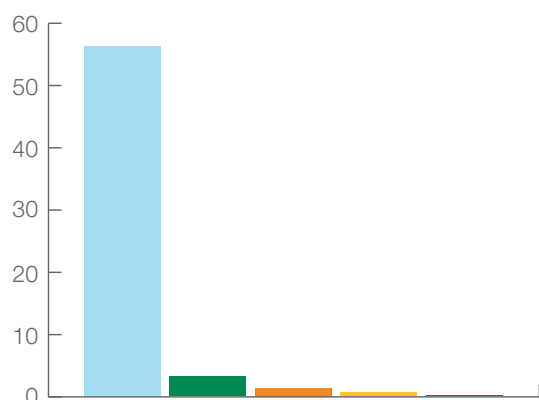
- life cycle considerations of products used;
- impact on and benefit to the wider community;
- reduce/reuse or recycle approach to component procurement;
- use of low carbon, techniques products and solutions.

During 2014/2015 the Group will be undertaking a pilot to accurately measure the social value of the Group's investment and new build programmes. The Group measures the level of local labour deployed on its sites, currently at 35% and works with Contractors to increase this percentage through initiatives such as supporting apprentice recruitment and ensuring length of contracts that assist in this.

## 8.2 Operations

### 8.2.1 Where the Group receives its money:

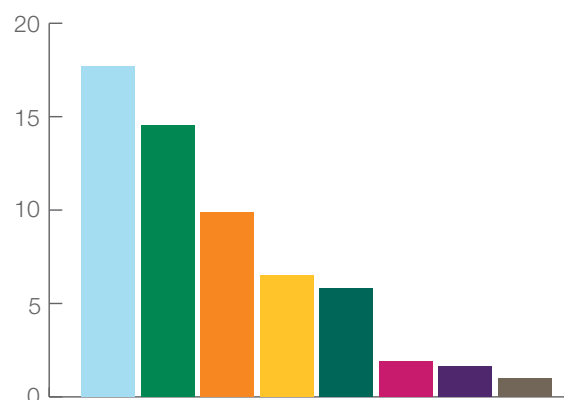
The Group receives the majority of its income from rental turnover, whilst supported by grant income and sales proceeds. Income for 2014 was split as below:



£56.2m (91.6%) Rental income
£3.2m (5.2%) Disposal Proceeds
£1.3m (2.1%) Non-social housing
£0.6m (0.9%) Revenue Grant Income
£0.1m (0.2%) Other - including interest receivable
<b>£61.4m Total</b>

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

For the year ended 31 March 2014, the above income resources were used to fund the following operational spend:



£17.7m (30%) Management & Services
£14.6m (24.7%) Routine & Planned Maintenance
£9.9m (16.8%) Depreciation
£6.5m (11%) Investment in Stock
£5.8m (9%) Interest payable
£1.9m (3.2%) Other (inc Regeneration)
£1.7m (2.8%) Cost of Sales
£1m (1.6%) Bad debts
<b>£59.0m Total</b>

The Group made a surplus of £2.4m for the year 2013/2014 which was transferred to reserves. The Group also invested £6.4m in the existing stock and a further £6.7m in new stock, supported by Social Housing Grant of £2.3m.



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

(Cost per property - CPP)	WCHG 2014	WCHG 2013	Global Accounts 2013	WCHG 2012	Global Accounts 2012
Management	£825	£1,072	£952	£965	£908
Services	£481	£283	£498	£303	£461
Responsive Repairs	£864	£829	£699	£726	£699
Planned Repairs	£209	£111	£294	£243	£280
Major Repairs	£478	£1,015	£219	£1,066	£232
Bad debt	£71	£7	£36	£21	£32
Voids	£17	£15		£23	

- The above results reflect the significant efficiency savings (*identified in Section 8.2.3*) made during 2014 leading to reduced management costs per property for the Group. Service costs were also reallocated from management costs during 2014 which has meant these are now consistent with the average HCA Global Accounts data.
- Responsive repairs costs have remained consistent over the last three years; the Global Accounts average is based over traditional and stock transfer organisations – the average responsive repairs cost per property for stock transfers for 2013 was £718, and for 2012 was £832. Costs are expected to reduce for the following year, 2014/2015, which should show an improvement against the average HCA Global Accounts data.
- Major repairs costs (revenue) have reduced showing an improved trend over the last three years.
- We are also working on a methodology to benchmark costs against similar organisations using data from the published Statutory Accounts, which will be circulated to managers this year.

The 2013/2014 costs are also benchmarked through Housemark (sample size of 20):

KPI	Ranking 2014	Quartile
Overheads as a % of turnover	7th	Median
Overheads as a % of direct costs	4th	Upper
Responsive & Void Repairs - CPP	4th	Upper
Major Works & Cyclical Maintenance - CPP	13th	Median
Housing Management - CPP	3rd	Upper

The Group's favourable overhead costs are partly due to the low overhead costs of the Finance and ICT teams (both upper quartile). Further savings will be delivered during 2014/2015 which will impact on premises costs. Responsive & Voids costs are low mainly due to the low service cost of providing the responsive repairs service (ranking - 1st) which is a result of the effective planned work programmes referred to in Section 8.1.1.



The management costs of the responsive repairs service appears high (ranking – 18th) This is due to changes in management structure taking place later in the restructuring of the service in order that service levels were maintained. Therefore the full impact of the changes will be delivered in the 2014/2015 results.

Housing management costs are low due to the Group's low average pay costs per property (ranking – 6th) which is the result of having a smaller number of well trained staff to deal with issues. Non-pay costs such as legal fees, court costs, resident involvement costs are higher though (ranking 18th) which is lower quartile – this is attributable to the Rent and Neighbour Nuisance services.

### 8.2.3 VFM achievements:

For the year 2013/2014, WCHG delivered total VFM achievements of **£4.2 million** which can be split between **£3.6 million** relating to the Group structure and **£0.6 million** relating to additional VFM savings.

One-off transition costs (£2.3m) relating to the Group structure were also incurred in 2013/2014, which were in line with the approved business case despite the acceleration of the delivery of the transition plan.

#### A) Group structure efficiencies:

The Group structure took effect from 1 April 2013 bringing together PGHT and WPHT. Whilst ensuring the Group's focus remained on the delivery of its services to tenants, the harmonisation of structures, operations and joint procurement across the Group realised actual savings of **£3.6 million**, higher than the efficiency savings anticipated in the approved business case (£2.2 million) as below:

Area	Actual Efficiency Savings	Expected Efficiency Savings	Delivery
Stock Investment	<b>£1.159m</b>	<b>£643k</b>	The Property Services restructure was completed in October 2013 delivering efficiency savings of <b>£865k</b> (expected savings were £643k). Further savings of <b>£294k</b> were also realised where contracts were brought in house resulting in VAT savings that would have been incurred had the contracts been outsourced (these related to grounds maintenance, communal cleaning, roofing and canopies) and where contracts were consolidated (Pest Control).
Support	<b>£965k</b>	<b>£906k</b>	Harmonisation of the Finance, ICT, Business Improvement and Human Resources services across the Group delivered efficiency savings of <b>£965k</b> for the year 2013/2014 (expected savings were £906k). Further savings are expected during 2014/2015 which will reflect the full year effect of the restructured teams, specifically for the ICT and HR teams.
Housing Management	<b>£741k</b>	<b>£256k</b>	The Housing Services restructure was completed in October 2013, whilst the restructure of the Rents team took effect from April 2013.
Central	<b>£641k</b>	<b>£374k</b>	The establishment of the Group's Senior Team Structure was completed early in the year.
Customer Access	<b>£65k</b>	<b>£66k</b>	The first phase of the Contact Centre restructure was completed in October 2013.
<b>Total</b>	<b>£3.571m</b>	<b>£2.245m</b>	





**B) Other direct VFM achievements were £646k as detailed below:**

Service Area	VFM savings
Development & Investment	£305k
Housing Management	£142k
Community Investment	£104k
Wythenshawe Works	£86k
Support	£9k
<b>Total</b>	<b>£646k</b>

**i) Development & Investment - £305k** – 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 2013/2014 included:

- £165k was saved on the brick cleaning and pointing programme due to new rates following a retendering exercise;
- £60k saving was achieved through the introduction of a better system and modified specification for communal decorations and refurbishments in low rise flats;
- £30k was saved from improved grant contribution in relation to cavity wall insulation programme.
- £50k was achieved through reprogramming the external painting and repair works through combining the works into one contract.

**ii) Housing Management - £142k:**

**a) Allocations - £65k** – VFM savings were achieved from reducing the average void turnaround time by 1.3 days (£14k); more efficient processing of applications by officers (£39k) and a reduction in the cost of voids due to back to back lettings (c£12k). Achievements were measured as follows:

- Reduction in overall void turnaround;
- Reduction in officer time in processing applications;
- Reduction in average void costs.

The service is benchmarked with the RSL liaison Group and Housemark. Void turnaround at 22.3 days is Upper Quartile performance within Housemark.





**b) Neighbourhoods - £38k** - Related to safety and security costs not incurred as a result of better partnership working with other departments. Achievements were measured as follows:

- New Team created within Neighbourhoods, efficiencies made by reducing 2 officers and 1 assistant post;
- 91 mutual exchanges were completed with 39 of those as a result of under occupation;
- 516 cases of tenancy enforcement action taken;

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

**c) Community Safety - £20k** - The Community Safety Service supports and works alongside key partners in order to help reduce the incidents of crime, nuisance and ASB in the Wythenshawe area. This has contributed to a stable turnover and consistently high demand for our properties; detailed outcomes were measured as follows:

- Continued reduction in overall crime and ASB with crimes such as burglary and robbery at their lowest for 5 years;
- 98% customer satisfaction rate with ASB service;
- 71 legal actions completed in the year;
- The CCTV control room reported 500 incidents via the police radio leading to over 100 arrests;
- Wardens carried out over 10,000 patrols to hotspot areas for crime and ASB;
- 92% of all ASB cases dealt with by early intervention or prevention.

The service was benchmarked using the National Housemark ASB Service Benchmarking Group; the Regional LSVT Housemark Benchmarking Group and the city wide ASB Networking Group (which includes representatives from Eastlands Homes; City South Manchester; Southway Housing; MossCare; Northwards Housing and City West Salford). ASB Satisfaction for the Group was 97.3%, this places the Group amongst the top performer as the upper quartile is 90%. The Group is working towards developing Social Return on Investment (SROI) measures for the ASB service going forward.

**d) Resident Involvement - £19k** - The service delivered VFM savings of £19k relating to improved administration; Achievements were measured as follows:

- 1,723 tenants engaged through the service;
- 95.36% satisfaction levels from the tenants engaged;
- 8 Community Forums serviced in East Wythenshawe;
- 40 training courses delivered to involved tenants;
- 7 focus groups held on Policy and Strategy.

*1,723 tenants engaged  
with Resident  
Involvement Team*





The Group is an active member of three networks (HQN; Scrutiny and Empowerment Partnership and Resident Involvement Networking Group), and will be working with all three networks to develop benchmarking for our service so that we can demonstrate VFM for the Involvement Service during 2014/2015.

**iii) Community Investment - £104k** – This service area delivers a wide range of community support services, including:

- Two community centres;
- Five youth clubs across Wythenshawe;
- Business advice;
- Pre-employment support;
- Basic skills training;
- Volunteering support.

The aim of the investment is to develop Wythenshawe as a community where people choose to live and work. VFM improvements during the year 2013/2014 included increasing income from room, pitch and management workspace hire by £104k.

Achievements to date include:

- 71% of the 1,500 residents signed up to the Real Opportunities programme have gone into full time work or training;
- Of the 53 residents who have taken part in Wythenshawe Futures, 78% have gone into sustained employment, with a value to the community of £1.5 million annually;
- 50 apprenticeships have been offered by WCHG, 100% have been retained with a social return on investment to Wythenshawe of £1.1million;

- 232 new start-up businesses supported;
- 400 children benefitted from bespoke learning opportunities with a social return on investment to Wythenshawe of £2.6 million;
- 2,253 young people engaged through open youth sessions in 2013, those sampled said that it improved their wellbeing as a result;
- 223 young people developed a portfolio for accreditation in 2013;
- 91 residents are active volunteers through the Real Neighbours programme, donating 7,723 hours during the year with a value of £86k to the community;
- 15 volunteers have gone into employment;
- 2,000 residents engaged in organised growing and cooking activities;
- The number of residents accessing our IT suite has increased from 1,589 to 4,845 in the last 5 years;
- 3,000 residents report having improved financial capability as a result of our support;
- Our community centres recorded more than 100,000 visits during the year.

Further insight on the Group's investment and achievements is included in the Community Investment publication ([http://www.wchg.org.uk/wp-content/uploads/WCHG-Investment-Brochure\\_WEB1.pdf](http://www.wchg.org.uk/wp-content/uploads/WCHG-Investment-Brochure_WEB1.pdf)).

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





**iv) Wythenshawe Works – £86k** – 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 2013/2014 were £34k relating to a reduced operational vehicle fleet; £27k by improved processes around utility costs for void properties; and £25k due to reduced tipping costs.

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

- A detailed review of the materials supply chain and 'stores' function is underway to drive £100k efficiencies in stock holding levels and free up operatives time from improving technology and performance management techniques;
- Delivery of planned maintenance in-house for roofing, kitchens and bathrooms to deliver higher levels of satisfaction compared to external contractors at more efficient unit rates;
- Procurement reviews of supply chains & standards to maximise efficiencies, examples include in-house manufacturing of Double Glazed units saving 20% per glazed panel & change to highways grass cutting standards saving £7k per annum on skips.

**v) Support – £9k:**

**a) Financial Inclusion – £7k** – VFM savings included £2.1k due to a combined newsletter created for the Group, and £4.7k due to an improved performance reporting system. Achievements were measured as follows:

- Debt written off for customers during 2013/2014 was £1.4m;
- Welfare benefits gained for our customers was £0.8m;
- In addition the team supported new tenants to claim £1.0m in housing benefit.

Historically there have been no formal Financial Inclusion Benchmarking Groups. WCHG has worked with other RP's to establish a northern benchmarking club, in which it has taken the lead.

This group was established in June 2014. The Group is also working towards developing a broader understanding of the social impact of the service using SROI measures.

**b) Customer Access – £2k – VFM savings**

*The Group has helped Tenants to write off debts of £1.4million and gain £0.8 million in additional benefits*



## 8.3 Other key Procurement gains

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

The Group also reviewed its arrangements for its vehicle fleet during the year. Two legacy arrangements were in place, one of which was coming to an end. It was considered that combining the arrangements into one would produce the most efficient solution. However several approaches were modelled and by extending the expiring arrangement for two years resulted in a saving of **£120k** per year.

## 8.4 Treasury Management

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

Trust	Funder	Loan Facility	Loans drawn	Current headroom
PGHT	RBS	£54m	£45.2m	£8.8m
WPHT	Nationwide & Santander	£90m	£75m	£15m
<b>Total</b>		<b>£144m</b>	<b>£120.2m</b>	<b>£23.8m</b>

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

Trust	Loan Facility	Security	Asset Cover Ratio
PGHT	£54m	£118m	2.19
WPHT	£90m	£190m	2.11
<b>Total</b>	<b>£144m</b>	<b>£308m</b>	<b>2.14</b>

Based on asset cover requirements of 110%, the Group has scope for additional funding of c£130m. Given the challenging operating environment and the Board's low appetite for risk, 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 8.5.





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

- PGHT - £21m of its debt is at fixed rates (equivalent to 46.5% of the £45.2m at 31 March 2014), by the year 2017 the proportion hedged will rise to above 50% due to the level of debt falling;
- WPHT - £60m of its debt is at fixed rates (equivalent to 80% of the £75m at 31 March 2014) which is in line with the approved Treasury Management Policy. It should be noted that by 2017, as the level of debt increases, the proportion hedged will still remain above 55%.

The Group's effective interest rate for 2014 was 4.5% (PGHT - 3.6% due to a larger proportion of its debt on a variable rate; WPHT - 5.1%) which is lower than the sector's average effective interest rate of 5.1% for 2013, based on an average of 65% of the sector's debt at fixed rates. Recent stock **valuations** (based on **EUV-SH: Existing Use Value for Social Housing**) are as below:

Subsidiary	2012/2013 Valuation	Return on capital employed	2013/2014 Valuation	Return on capital employed
PGHT	£108m	6.01%	£118m	2.78%
WPHT	£190m	2.53%	£190m	8.06%

Return on capital employed is the operating surplus as a percentage of the capital employed for each Subsidiary. The significant changes in this measure between 2012/2013 and 2013/2014 are:

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

Return on capital employed is expected to increase for 2014/2015 for both subsidiaries as further efficiency savings are achieved.

The HCA's Global Accounts 2013 indicate an average return on capital employed for LSVTs in 2012/2013 at 5.31%, and 5.27% for traditional RPs.

The Group sets and charges rents in accordance with the rents restructuring policy, and does not currently utilise the additional 5% tolerance on its charged rents. From April 2015, the Group will annually increase rents by CPI plus 1% rather than RPI plus 0.5%. The effect of this has been assessed as part of the annual review of the Group's Business Plans, and remains comfortably within the constraints of the Group's existing loan facilities.

The Group has started the process of enhancing its business plans, and will be reviewing its asset registers to ensure complete and in line with HCA guidance for Living Wills.





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

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

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

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

The Group has an approved development programme of 508 units consisting of houses, bungalows and apartments including the Village 135 extra care development. The programme has 289 affordable rent, 149 shared ownership, 60 outright sale and 10 market rent units. The business plan has been stressed tested and sensitivity tested to include the programme and this is checked regularly in light of building cost increases. The build programme runs until September 2017 and three schemes are being prepared for an early start on site from the 2015 Affordable Homes Programme (AHP) funding round.

The Group continually seeks to identify viable options where new homes can be developed. The Group's aim is that VFM savings made will be reinvested into the Group in order that services can be sustained or further improved for customers during a period of considerable reform within Housing.





## 9 Gains planned for 2014/2015

The Group has implemented a **VFM tracker** which will seek to capture all VFM savings during the year 2014/2015 as they occur to ensure forecast gains can be delivered.

Measurement of tenant satisfaction will be updated at the wider Group level as part of the regular STAR survey which was commissioned for early 2014/2015.

Total VFM gains planned for 2014/2015 are **£1.2 million**:

- efficiency savings of **£354k** (leading to a forecast of annual recurring efficiency savings of **£3.9 million**) as a result of the Group structure;
- other VFM gains identified below for 2014/2015 are **£0.8 million**:

Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Community Safety	Continued support for ongoing police and partner operations aimed at reducing ASB, and crime particularly criminal damage, burglary and vehicle crime.	Should crime fall by a further <b>5%</b> , the potential savings to the “public purse” in the Wythenshawe area would be <b>£450k<sup>3</sup></b> .  <small><sup>3</sup> The £450k saving is based in the average cost per crime (£2k) detailed in the Home Office On-Line Report 30/05 “The Economic and Social Cost of Crime”, with the assumption of a 5% reduction in crime.</small>	A continued reduction in crime and ASB has a positive impact for tenants, saves police and ASB officers’ time, improves the perception and image of the area and also reduces damage to WCHG’s properties.  Contributes towards lower void turnover and reduced void costs.





Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Investment	The contract for re-roofing works not undertaken by Wythenshawe Works has been consolidated with Jennings Roofing.	Saving of <b>£150k</b> .	Reduced costs.
Community Investment	Restructure at Woodhouse Park Lifestyle Centre.	A cost saving of <b>£48k</b> .	Reduced costs, whilst maintaining customer satisfaction.
Community Safety	To review the current PGHT out of hours reporting service (currently provided by Astraline).	Saving of <b>£36k pa</b> .	Improved communication with tenants and the Group, improved access to records and information.
Wythenshawe Works	Sale of re-claimed tiles and slates.	This will realise <b>£20k</b> of income, and reduce skip costs of <b>£10k</b> .	Additional income and reduced costs.
Investment	Re-tendered prices have given reduced costs for brick cleaning and pointing.	Saving of <b>£30k</b> .	The Group can either take the saving or alternatively deliver more unit improvements.
Investment	The contracts for the boiler upgrade programme have been consolidated into one with Heatcraft.	This has resulted in a small saving of around £100 per property for the anticipated 240 upgrades to be undertaken in the West – total saving of <b>£25k</b> is expected.	Reduced costs.





Area	Identified Improvements	Estimated Financial Benefit	Expected Outcomes
Wythenshawe Works	The in-house Planned Team will undertake a percentage of the kitchen unit installations identified by the void team rather than subcontractors.	A financial saving of <b>£20k</b> .	Reduced costs and increased tenants satisfaction with the service provided, incoming tenants will have a choice in selecting the range and colour of units.
Wythenshawe Works	To review the supply of plant fuel for grounds maintenance machinery.	A cost saving of <b>£12k</b> .	Reduced costs.
All areas	Process improvements.	Total savings of <b>£28k</b> .	Outcomes include greater understanding of the cost of delivering services; increased accessibility of the Group's services; reduced costs to the Group; increase in skills, knowledge and effectiveness of officers; improved customer service and satisfaction.
<b>TOTAL</b>		<b>£829k</b>	



## 10 VFM Action Plan 2014/2015

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

Objective	Action	Responsibility
Deliver 2014/2015 efficiency savings.	To manage and achieve efficiency savings of <b>£1.2m</b> for 2014/2015.	Senior Management
Enhance tenant involvement.	Future VFM targets to be set based on consultation with tenants.	Board Board VFM Champion Group Tenants Committee Senior Management
Better understand the return on assets at a granular level (location and type of stock).	Work with IPD to develop detailed return on assets information with benchmarking.	Board Board VFM Champion Group Tenants Committee Senior Management
Increase awareness of social impact of community investments.	Develop and pilot social impact measurement methodology across all community investment service areas. To then extend to other service areas.	Board Board VFM Champion Group Tenants Committee Senior Management
Refine reporting.	Develop mechanisms and processes to improve costing; performance; benchmarking data through the Group's new Business Intelligence solution (Qlik). Benchmarking methodology to be further developed.	Board Board VFM Champion Group Tenants Committee Senior Management
Develop stress testing and Living Will	Enhance stress testing mechanism for the Group's business plans, and ensure the Living Will is developed for the Group in line with the HCA's guidance.	Board Board VFM Champion Group Tenants Committee Senior Management
Streamline process for VFM Self-Assessment	To benchmark the current year's submission, review good practice and develop process for the 2015 VFM Self-Assessment.	Board VFM Champion Senior Management
Embedding VFM	To continue to embed VFM, through training and monitoring of staff effectiveness within the competency framework.	Senior Management





## II Summary & Dissemination

The Group believes that it complies with the HCA's VFM Standard and has demonstrated this within the Group's 2014 VFM Self-Assessment. The Group has during the year ended 31 March 2014 delivered VFM savings of **£4.2 million**, £3.6 million of savings will reoccur in 2014/15 as a result of the Group Structure. The Group has also identified an additional **£1.2million**, which is **£354k** of new Group efficiency savings and **£829k** of other VFM gains.

The Group also recognises that there is still some progress to be made in fully developing methodology to further improve understanding return on assets and investment, and has actions in place (see Section 10) to ensure this is to be implemented during this financial year.

The Group's VFM Self-Assessment 2014 will be made accessible to its stakeholders through the following methods:

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













## Contact Us

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**w:** [www.wchg.org.uk](http://www.wchg.org.uk)

**t:** 0800 633 5500

FREE FROM A LANDLINE

**t:** 0300 111 0000

LOCAL RATE FROM A MOBILE  
(if not included in free bundle minutes)

### **Parkway Green**

Parkway Green House  
460 Palatine Road, Northenden M22 4DJ  
or 137 Bowland Road, Baguley M23 1LE

### **Willow Park**

Wythenshawe House,  
8 Poundswick Lane, Wythenshawe, Manchester M22 9TA  
or 294 Portway, Woodhouse Park, Manchester M22 1TG