



warrington housing association



Value for Money Self-Assessment 2016-17  
Proud of our past.  
Ambitious for our future





Warrington Housing Association's (WHA) Board and Senior Management Team has undertaken a comprehensive self-assessment of Value for Money (VFM) for 2016-17 in order to present to all our stakeholders a balanced representation of our performance and achievements over the last year, and our plans for the future.

## Introduction

**This self-assessment aims to outline:**

- Our strategic approach to VFM
- Our growth strategy, including our approach to active asset management, and how this will help to us to maximise VFM
- Our approach to managing and improving our financial and operating performance
- Our approach to social value measurement and maximisation
- Our VFM achievements during 2016/17 as set against our original plans
- Our key priorities and targets for 2017/18 and beyond
- Our compliance against the VFM regulatory standard.

We consider the production of this self-assessment to be an exercise in transparency and accountability, and therefore if you have comments, queries, or observations that you would like to share with us, please contact the Company Secretary on 01925 246810 or at [admin@wha.org.uk](mailto:admin@wha.org.uk)

## About Warrington Housing Association



David Cummins, Chief Executive

**For over 40 years WHA has been providing a broad range of affordable homes and services to customers across the Borough, and we are as passionate now about making Warrington a great place to live, in which the potential of individuals and communities can be realised, as we have ever been.**

We currently manage 1,286 homes for families, older people and people with support needs, including leasehold and shared ownership properties. We provide high quality housing management, repairs and other services to our tenants and leaseholders.

We are locally based at the Gateway community resource centre in the town centre, owned by the Association.

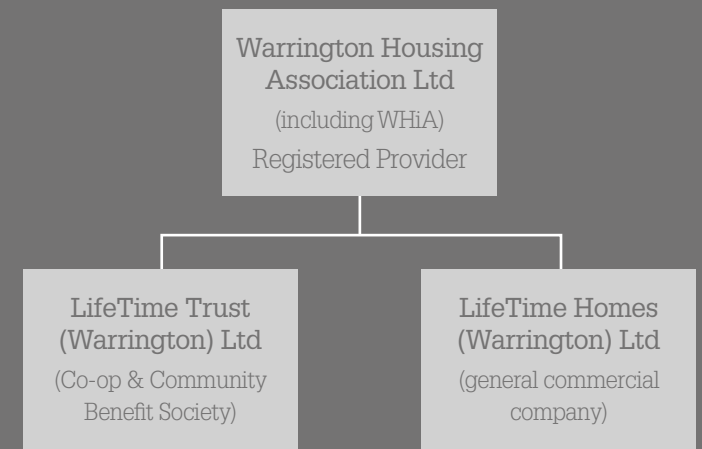
Since 2007, we have been the managing agent of the Warrington Home Improvement Agency (WHiA), a not-for-profit service for older, disabled and vulnerable residents in the town who wish to repair, improve and adapt their homes.

In 2013 we established LifeTime, a not-for-profit, wholly owned subsidiary of WHA with tax-exempt, charitable status. This valued and popular network provides opportunities for older people in Warrington to connect, be active, healthy and

to keep learning in a fun and fulfilling environment. LifeTime is part of our wider commitment to reducing social isolation and the promotion of ageing well in Warrington.

We make a significant investment in the local community and support other independent charities in the town, resident and neighbourhood groups. This is a key element of us achieving our purpose and objectives.

Early 2017 saw us welcome a new Chair and CEO to the Association. Our legal structure is simple – WHA is a registered provider with the Homes and Communities Agency, and we have two wholly owned subsidiaries, Lifetime Trust (Warrington) Ltd and Lifetime Homes (Warrington) Ltd. Our structure is shown in the diagram below:



## Our Vision, Values and Objectives

The Association marked its 40th anniversary in 2015, and like the world around us, it has changed and developed over those years. In particular, the changing housing agenda over the last few years, announcement of key policy changes and the expectations of our stakeholders, have led us to undertake a review of our strategic direction to determine our future ambitions. We refer to this in more detail below.

The challenges of today are very different to those we faced 40 years ago. We have to consider the impact of changes to the welfare benefits system on our tenants (and our own income streams), increasing homelessness, the ageing population and supporting the Government's policy of increasing housing supply and home ownership. Changes in the regulatory environment and increased merger/partnership activity in the sector are also issues that we need to be alert to.

In late 2016 our Chief Executive of 32 years standing decided to retire, as did a number of our Board members. It seemed an appropriate time to take stock of our position and the options available to us in relation to our purpose and future, so we commissioned a strategic options appraisal alongside a wider review of governance. The review confirmed that the Association is well placed to meet the demands of the future. Our local community focus, commitment to putting people at the heart of our work, sound operational and financial performance and our popular homes equip us well to meet the challenges ahead.

The review has resulted in a confirmation of commitment to our current vision and strategic objectives, but in order to ensure that the Association retains its unique position in the town and remains fit for purpose there will be a particular emphasis on the following:

- A commitment to retaining our 'Warrington' identity and focus, and the ability to make flexible decisions at a local level
- Delivery of managed growth in housing units that is sustainable and doesn't compromise our financial viability
- The ability to offer a range of services beyond the provision of affordable housing, our commitment to a range of community focused and outcome based services, being essential to our ethos and purpose, whilst ensuring that the strategic objectives and operational arrangements for these services are clearly articulated.

Our vision is to help make Warrington a great place to live, in which the potential of individuals and communities can be realised.



## Our Strategic Objectives

Below we set out our four key strategic objectives, and explain how we plan to achieve them.

### **To remain a significant local provider of housing and housing solutions in Warrington:**

- Delivery of realistic and achievable growth in housing units
- Consider alternative methods of development delivery, working with local partners to best meet Warrington Borough Council's Housing Strategy
- Continue to refine our Asset Management Strategy, optimising the use of our properties to maximise value for money
- Providing quality housing-related services to tenants, owner occupiers and landlords to assist in meeting their and the area's housing and related needs

### **To prioritise the needs of people, and place the creation of sustainable communities at the heart of our work:**

- Financial Inclusion – provide support for those affected by Welfare Reform, enabling us to protect future income streams and secure services for the years ahead

- Health & Wellbeing – develop solutions that contribute to Warrington's Health & Wellbeing Strategy, and indirectly the sustainability of WHA tenancies, through our work in communities, with individuals and in the services we provide
- Community Infrastructure – support community development and involvement opportunities for customers and create new ways of engaging with a wider group of customers
- Employment and Skills – we aim to offer opportunities to help people develop their skills and to access training and work opportunities.

### **To provide housing and other services to improve the quality of life for older people in Warrington:**

- Continue to support our WHiA service – Warrington Home Improvement Agency – with a renewed focus on structure, outcomes, potential partnerships and financial sustainability
- Commitment to maximise the potential of our LifeTime initiative, helping older people build resilience and gain the ability to meet and recover from life's challenges

- Explore new models of delivery for our supported retirement schemes, which maintain service levels, maximise customer satisfaction and deliver value for money.

### **To achieve sector leading performance across key indicators:**

- Increase our digital offering and provide technology-based solutions to the business and key stakeholders through the delivery of our ICT Strategy
- Invest in and engage our staff team to maximise their potential to deliver excellent customer service
- Provide an effective and efficient governance framework to ensure that leadership of the Association is of the highest standard
- Continue our Value for Money journey, balancing the challenge of maintaining high performance standards with the most efficient use of our resources.





“Registered providers shall articulate and deliver a comprehensive and strategic approach to achieving value for money in meeting their organisation’s objectives.”

## Our Strategic Approach to VFM

Our VFM strategy continues to support the delivery of our business plan objectives in the following ways:

- By embedding a culture of VFM across the Association, ensuring that it is considered and reflected in everything we do;
- By ensuring that we strike the right balance between financial, environmental and social value in line with our core objectives and the requirements of our key stakeholders; and
- Helping us to understand and evidence the cost of delivering specific activities and using this to inform decision making on the best use of our resources.

We were pleased to re-attain our G1 status in November 2016. Following a regulatory downgrade to G2 in March 2016, we commissioned external consultants to undertake

a wider strategic and governance review which included assistance in the development and review of the 2015/16 self-assessment document. We are continuing our VFM journey and have recognised the need to raise awareness of VFM across the whole organisation and seek to embed a VFM culture in a way which will be enduring and effective.

One way we have sought to embed VFM further is by using VFM as the theme for our staff away day in November 2016, with groups producing videos on VFM ideas ranging from insourcing maintenance staff, general wastage and inefficiency around the office to digital alternatives to manual processes. Although primarily a fun teambuilding exercise, there was a serious message and some of the ideas generated have already been implemented, whilst others are being progressed through our business plan objectives and some are being discussed further by the VFM Champions

group. This group of staff meets regularly to consider efficiency, invest-to-save and social value improvement suggestions.

Our Tenant Scrutiny Panel undertakes reviews of key areas of our service delivery, and VFM has now become an integral part of their findings and recommendations report back to the Executive. More detail on last year’s reviews are outlined later in this report.

Financial/VFM implications has been a standard headline on our Board reports for some time, but a revised template has been introduced this year which clearly shows the cross-cutting implications of the topic under discussion on other aspects of the business.

## Monitoring and Reporting VFM

Progress against our VFM objectives is monitored by the Board and the Executive. The Board continues to retain overall responsibility for VFM, and receives assurance on VFM through a planned programme of reports provided to them through the course of each year. Our Business Strategy document sets the direction of travel and strategic priorities for the next three years, and then a more detailed one year Business Plan is prepared and approved annually. Accompanying financial plans are updated and approved annually by the Board, and are stress tested against a multi-variate range of plausible scenarios. Quarterly performance reports to the Board outline financial and operational performance through a range of quantitative and qualitative data and key performance indicators, allowing the Board the opportunity to review and challenge. The remit of our Audit and Risk Committee has been extended this year to include more detailed variance reporting on the periodic management accounts and treasury activities, to ensure that we are on track to meet our targets.

We aim for sector leading performance across key indicators, with progress being reviewed quarterly by the Executive in advance of reports being presented to Board. Individual directors' progress against objectives is reviewed at regular intervals with the Chief Executive, a summary of which is then presented to the Board.

Our Audit and Risk Committee also receives assurance reports from our internal auditors which consider VFM implications where appropriate.



We aim for sector  
leading performance  
across key indicators

## Our Performance

We have signed up to take part in the pilot for the Sector Efficiency Scorecard, a new way of benchmarking efficiency, designed to build a full and open picture of our own organisation and the sector. Metrics across five categories (business health; development; outcomes; asset management; operating efficiency) are measured as a way of helping organisations to demonstrate their compliance with the economic standards. WHA's results for the last two years, along with our projected targets for the new financial year, are shown below. Our commentary refers to our own direction of travel, as we have yet to receive any comparative information from the pilot.

“Registered providers shall understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.”





Sector Scorecard Metrics				
Metric	2015/16	2016/17	2017/18*	Comments
<b>Business Health</b>				
Operating margin	27.35%	26.57%	23.12%	The reduction in operating margin between 2015/16 and 2016/17 is representative of the reduction in income due to the 1% rent reduction, but in both years the result was higher than the original budget target due to cost savings across several areas, including staffing posts. Looking ahead, the Board has committed to addressing this reduction (see Our Future Plans on page 15)
Operating margin (social housing lettings)	41.29%	39.87%	35.72%	As above
EBITDA-MRI (as a % of interest)	223.18%	337.24%	269.90%	Reflects operating surplus results
<b>Development – Capacity and Supply</b>				
Units developed (absolute)	4	0	5	2017/18 target refers to open market purchases. This number will increase as we implement our growth strategy, for example developing on sites already in our ownership such as Greystone Road
Units developed (as a % of units owned)	0.31%	0.00%	0.38%	As above
Gearing	20.84%	19.37%	17.61%	Gearing currently low due to reduced borrowing but is likely to increase as we borrow funds to implement our growth strategy
<b>Outcomes Delivered</b>				
Customers satisfied that their rent provides value for money	91%	90%	92%	2017/18 target reflects top quartile performance in 2016/17
£'s invested for every £ generated from operations:				
<ul style="list-style-type: none"> <li>▪ In new housing supply</li> </ul>	0.31	0.00	0.21	Reflection of units developed and set to increase in future years
<ul style="list-style-type: none"> <li>▪ In communities</li> </ul>	0.16	0.07	0.07	
<ul style="list-style-type: none"> <li>▪ In other social housing</li> </ul>	0.56	0.32	0.26	Reducing trend communities and other social housing is in line with agreed targets
Other social return	see HACT measurements later			



We undertake regular benchmarking so that we can measure our performance against our peers. We are members of HouseMark, but in contrast to previous years we are increasingly using SPBM indicators to benchmark our performance as the peer groups are more representative of our organisation. SPBM (which is affiliated to HouseMark) is a cost effective, member-led benchmarking system designed for and by smaller housing providers. SPBM membership enables smaller providers to compare performance with other smaller providers as well as the rest of the social housing sector, and to participate in regional and specialist benchmarking clubs. Currently 120 smaller housing providers are members of SPBM. All members of our North West SPBM peer group are listed at Appendix 1.

Sector Scorecard Metrics				
Metric	2015/16	2016/17	2017/18*	Comments
<b>Effective Asset Management</b>				
Return on capital employed (ROCE)	3.92%	3.74%	3.17%	Lower return reflective of lower operating surplus
Occupancy	99.59%	99.49%	99.40%	Stable indicator, target based on knowledge of past performance which is expected to continue
Ratio of responsive repairs to planned maintenance spend	0.60	0.75	0.87	2015/16 reflects high level of planned spend. Planned maintenance reducing in following years
<b>Operating Efficiencies</b>				
Headline social housing cost per unit (split):	£4,063	£3,812	£3,883	Overall lower costs in 2016/17 reflect cost savings in year, in particular staffing. Increase in 2017/18 represents a full establishment budget, anticipated to deliver our future plans but will be continually reviewed to ensure VFM. Reduction in 'other social housing' in line with agreed targets.
▪ Management	£678	£649	£693	
▪ Service charges	£387	£424	£452	
▪ Maintenance	£714	£718	£764	
▪ Major repairs	£1,323	£1,096	£1,075	
▪ Other social housing	£961	£925	£899	
Rent collected	102.08%	98.06%	100.09%	2017/18 target reflects top quartile performance in 2016/17

\*2017/18 – target metrics

Key Performance Indicator	WHA 2015/16	WHA 2016/17	Median for Peer Group 2016/17	WHA v Peer Group Trend	National Median for SPBM 2016/17	National Median for HouseMark 2016/17
<b>Rent arrears &amp; Collection</b>						
Current tenant arrears (GN & HoP)	2.53%	2.53%	3.23%		2.71%	2.55%
Former tenant arrears (GN & HoP)	0.33%	0.70%	0.82%		0.64%	1.12%
% rent collected (GN & HoP)	102.08%	98.06%	99.95%		99.91%	99.94%
Rent written off as a % of annual rent roll (GN & HoP)	0.18%	0.30%	0.36%		0.30%	0.40%
<b>Void Works (Service Provision) Summary</b>						
% void losses (GN only)	0.28%	0.19%	0.41%		0.42%	0.61%
Average re-let time in days (GN only)	14.39	14.57	18.25		17.50	19.73
% dwellings vacant & available to let	0.70%	0.53%	0.53%		0.53%	0.49%
% dwellings vacant but unavailable to let	0.00%	0.09%	0.00%		0.09%	0.31%
<b>Customer Satisfaction</b>						
% tenants satisfied with the landlord's services overall (GN only)	96%	93%	96%		89%	87%
% tenants satisfied with repairs & maintenance (GN only)	95%	92%	90%		85%	80%
% tenants satisfied that their landlord listens to their views & acts upon them (GN only)	84%	81%	81%		80%	69%
% tenant satisfaction with home & neighbourhood (GN only)	91%	91%	87%		90%	86%
% tenants satisfied with value for money of rent (GN only)	91%	90%	91%		87%	83%
% tenants satisfied with value for money of service charges (GN only)	77%	90%	84%		76%	71%

Our performance against our peer group is positive with WHA outperforming the median for the majority of indicators



Our own performance year on year is lower than expected in some areas which is representative of the challenging operating environment for many of our tenants, not least the continuing impact of Welfare Reform and Universal Credit. These areas are now targets for improvement and we contact other high performing organisations in order to learn from their experiences.

We continue our customer journey mapping process to cut out inefficient processes whilst aiming to improve customer satisfaction levels. One of the main ways we aim to do this is through our ICT / Digital Strategy which will improve customer experience through the use of technology. There is a programme of projects that aim to deliver integrated information services to enable customers to access the information they need, when they need it, optimizing their experience. Cost and performance information is shared with the Scrutiny Panel so that they can make informed recommendations when carrying out their service reviews.

However, our performance against our peer group is positive with WHA outperforming the median for the majority of indicators, reinforcing the view that we are a well-run organisation.



“Registered providers shall understand the return on its assets, and have a strategy for optimising the future returns on assets. . . .measured against the organisation’s purpose and objectives.”



## Our Growth Strategy

Further to the strategic reviews undertaken by the Association as referred to in earlier sections, WHA's Board confirmed its desire to remain independent, but with a commitment to embark on a period of managed growth, both in terms of size and range of services. Our Growth Strategy, recently approved by the Board, sets out our ambition in the context of the Association's vision and the external operating environment.

In the context of our working environment, WHA is a well-managed, well placed and well respected organisation. We recognise that we can remain financially viable yet still deliver an ambitious programme of growth to support the needs of our existing and future customers.

We recognise that growth is not reflected simply in number of units. We remain committed to offering a range of community-based services beyond the provision of affordable housing and working across tenures; these services are outcome-based and clearly contribute to our ethos and purpose.

Housing and housing solutions is our core business. Our properties are our most valuable assets, without them we do not exist. However, we have not had an active development programme since 2008 and as part of our approved Growth strategy (May 2017) we are looking to change this. In supporting the development of our housing offer we will seek to increase our stock ownership and management by at least 100 units over the next 3-4 years. In order to achieve this we will:

- Finalise our 30 year business plan and look at options to improve our operating margin in order to release the financial capacity to deliver on our ambition
- Review the potential of our trading subsidiary 'LifeTime Homes'
- Consider strategic disposal of assets where this can demonstrably contribute to our growth ambitions

- Consider a range of housing solutions beyond traditional affordable housing such as private sector acquisition, shared ownership, key worker accommodation and managed services
- Consider alternative methods of development and delivery, working with local partners to best meet Warrington Borough Council's Housing Strategy
- In pursuit of best value, we will review and remodel our community services, as required, and seek to more clearly understand the impact and outcome of our activities in this area, and to ensure they are fully contributing to both growth and purpose
- Within the context of protecting and maintaining our core purpose and objectives, we will consider external partnership proposals within clear evaluation parameters set out by the Board.
- Regularly review our position on merger/partnership opportunities as either a dominant or subordinate partner.

## Asset Management

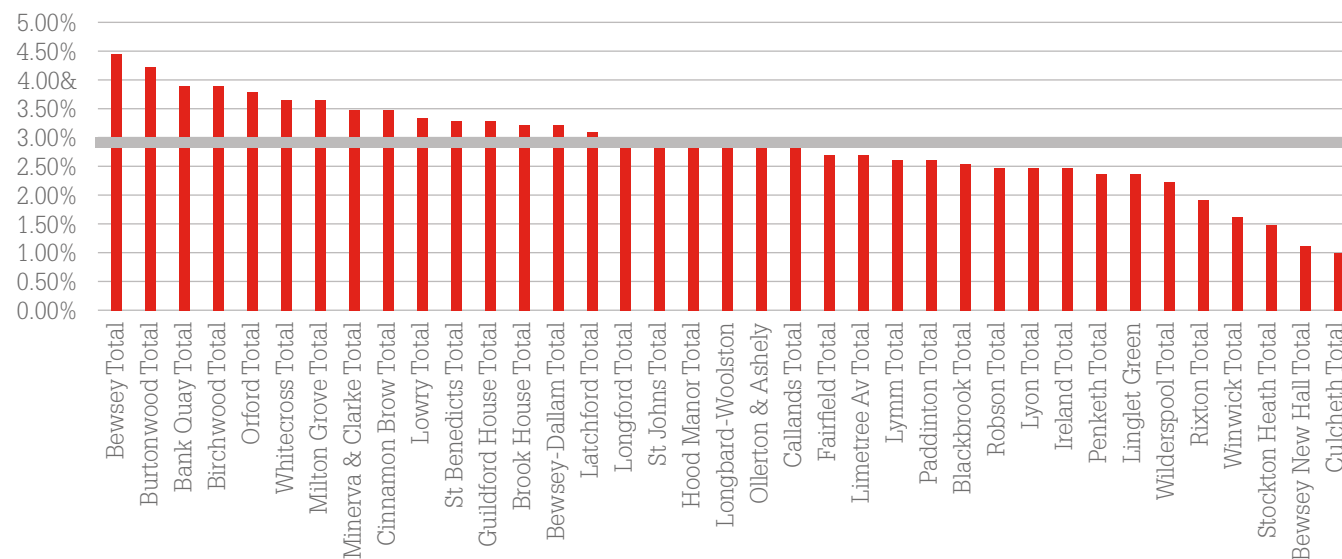
WHA's asset base consists of:

Our properties consist of 84 bungalows, 689 houses, 513 flats/bedsits. Of the 513 flats/bedsits, 146 are within 4 sheltered accommodation schemes. Our shared ownership properties consist of 29 family houses and 43 leasehold properties for older people.

Understanding the performance of our housing stock is important to show how we are using our assets to maximise VFM, and how we can optimise their use to deliver more. We have previously outlined our approach to understanding the performance of our housing stock by calculating the Return on Assets % (ROA) and Net Present Value (NPV) of properties at scheme level as per the graphs below.

Property Type	Total Number	Bedsit	One Bed	Two Bed	Three Bed	Four Bed	Five Bed
General needs	982	2	277	281	373	48	1
Supported housing / Housing for older people	232	79	134	17	2	0	0
Shared ownership	72	0	43	17	12	0	0
<b>Total</b>	<b>1,286</b>	<b>81</b>	<b>454</b>	<b>315</b>	<b>387</b>	<b>48</b>	<b>1</b>

### Return on Asset (ROA) %



Whilst all of our properties currently generate positive returns in respect of both operating surplus and cash flow, we have already identified a number of properties where it may be appropriate, considering other qualitative and sustainability factors, to conduct a review on the property's future at the point where it becomes vacant.

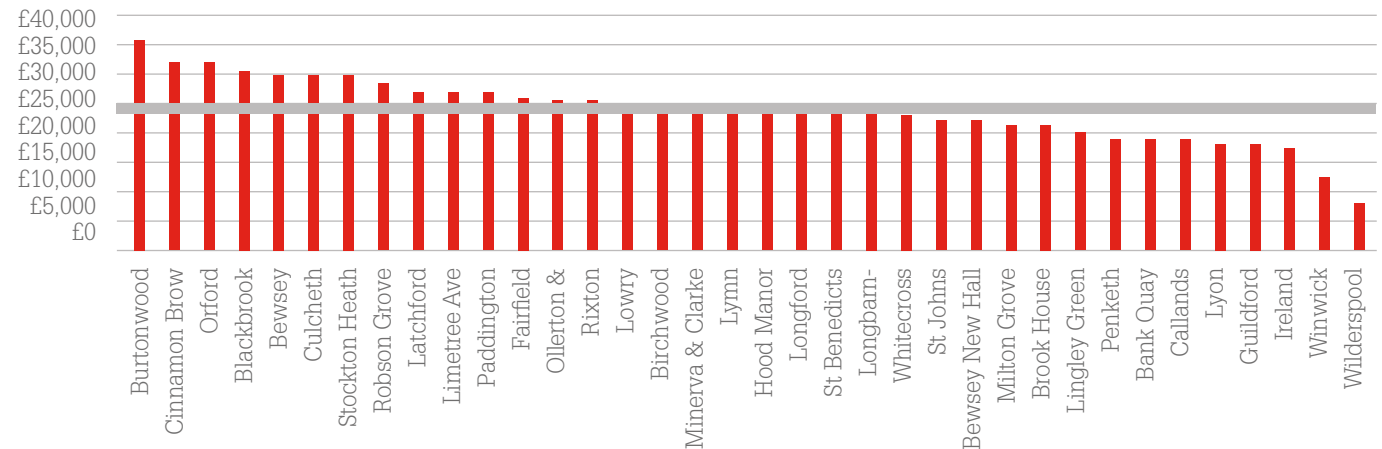
This year, on recommendation from the Executive, the Board are considering one such property with a high open market value and a lower than our average ROA%, where the expected proceeds would allow for the purchase of three additional properties of a type and size and in a geographical location better suited to our customers' needs.

During 2016/17 our planned maintenance programme successfully delivered improvements to almost 250 homes. Last year the Board took the strategic asset management decision not to reduce investment in our existing stock but to continue to look for efficiencies whilst maintaining service standards. To this end, and to ensure we generated good value for money, the unit costs of our key improvements (kitchens, bathrooms and heating systems) were renegotiated at the same price as the previous year.

Work at 84 properties was included in the energy efficiency programme, including Quantum heating upgrades and thermal render work. The environmental impact linked to energy efficiency work creates improvements in SAP ratings, providing comfortable homes at an affordable rent. A further 49 properties will undergo similar upgrades in 2017/18.

Internally, our Property Services team has encouraged greater use of electronic documentation to reduce the reliance on paper based systems, with value for money gains achieved through less paper, postage, storage and increased speed of processing orders and surveys, thus increasing efficiency and making better use of staff time.

## Net Present Value Cash Flow (NPV) £



During 2016/17 our planned maintenance programme successfully delivered improvements to almost 250 homes.



## Our Commitment to Social Value

Most housing associations have developed a range of services beyond their core purpose of providing housing. They invest in and deliver such services to meet local need and to make communities stronger and more resilient, which ultimately has a benefit for the organisation itself as well as its customers.

Like its peers, WHA has a long history of investing in communities, linking to our vision of making Warrington a better place to live and taking an asset-based approach to building resilience and capabilities. Creating social value is an important part of delivering on our objectives and is key to our identity as an organisation. Our particular strength of a single geographical focus has enabled close working partnerships and understanding of the needs of the communities we work in and the value we can add. We have been able to respond to local needs and national agendas in a focussed way.

We undertook a periodic review of our community investment services 2016/17 to ensure that they were still relevant to our objectives, to our customers, and were delivering the expected outcomes, but also to ensure that they continued to meet the Neighbourhood and Community Regulatory Standard and offered value for money, even though their value may be measured in social terms.

The following sections outline our current community investment activities and services in more detail, their outcomes and evaluation of social value.



“Registered providers shall have a robust approach to making decisions on the use of resources to deliver the provider’s objectives, including an understanding of the trade-offs and opportunity costs of its decisions”.

## Financial Inclusion

### Money Advice

Working closely with our Housing Management team, our Money Advice service offers tenants and WHiA clients a comprehensive and responsive service to ensure that we are together meeting the challenges of Welfare Reform. A full roll-out of Universal Credit in Warrington from February 2017 means that the service continues to be critical to ensure that tenants and staff have the support they need and we are able to maximise rental income. In 2016/17 investment in the service amounted to £44k (0.84% of operating costs).

2016/17	No. clients seen in quarter	No. returning clients	Income gained for clients (annual equivalent)	Income gained YTD
Qtr 1	46	6	£117,256	£117,256
Qtr 2	54	5	£122,811	£240,067
Qtr 3	40	8	£75,541	£315,608
Qtr 4	42	8	£56,841	£372,449

## Health & Wellbeing

### Warrington Home Improvement Agency (WHiA)

In 2016/17 we received fee and grant income of £411k for WHiA and invested £833k (16.04% of operating costs), giving rise to a net investment by WHA of £422k. Of this £422k investment, £370k represents WHiA's contribution to reducing WHA's overhead cost. As the service grows in the future we see greater opportunity for WHiA to contribute to the Association overheads, ultimately making the service cost neutral at the very least.

### WHiA has generated income in the following ways:

Activity	Amount	Comments
Technical Officer post	£25,000	Fully funded by Warrington BC
Design of DFGs for fee-paying clients	£68,450	21 complete schemes
Other fee based income	£25,993	Fees for private works
Grant funding – core service	£196,392	Funded by Warrington BC
Healthy Homes Project	£60,250	Part year funding
Other	£34,715	

The Warrington Healthy Homes project funding came to an end during the year and we responded by reducing staffing levels accordingly. Whilst this was a loss, the skills gained and the systems put in place within the team will be useful to other programmes of work in the future.

In a drive for efficiency this year, the handyperson team has been reduced to a two person team with outsourcing to a trusted partner as necessary. This is an approach that has been piloted in an effort to improve productivity and reduce costs.

In terms of measuring the social value of WHiA's work we are contributing to a piece of work with HACT measuring the impact of large DFG's and minor adaptations work. We should have a model to test this during through the 2nd quarter of 2017/18.



## LifeTime

LifeTime Trust was born out of a desire to improve the quality of life for our older residents and the wider older population in Warrington, to create resilient communities and maintain health and wellbeing. It responds to national concerns about the effects of loneliness and isolation on our older people. During 2016/17, LifeTime has continued to provide a varied programme of activities for members to participate, by its third birthday, LifeTime had welcomed its 2000th member. The centre at the Gateway attracted 9,308 member visits and provided 1,132 activities last year. LifeTime activities in the community provided 852 sessions with 6,987 members attending. In 2016/17 we invested £277k (5.33% of operating costs) into the service but the resulting social value generated by using HACT\* is shown below:

Outcome	2014-15		2015-16		2016-17	
	No.	Value	No.	Value	No.	Value
Regular Volunteering	27	£56,470	30	£62,223	33	£68,496
Members of a Social Group	58	£86,897	130	£194,390	163	£243,456
Hobbies	67	£131,548	67	£131,548	108	£212,045
Exercise	32	£135,312	42	£175,328	95	£346,598
<b>Gross Social Value</b>		<b>£410,227</b>		<b>£563,489</b>		<b>£870,595</b>
<b>Net Social Value Generated per £1 spent</b>		<b>£1.67</b>		<b>£2.18</b>		<b>£3.14</b>

\* In terms of measuring and evaluating our social value and interventions, we continue to use the HACT Wellbeing Valuation model, wherever appropriate. This tool gives users a simple way to apply values to a wide range of community focused investment as well as core housing management and development activities. Further details can be found at [www.hact.org.uk](http://www.hact.org.uk).



## Community Infrastructure

### The Gateway

The Association continues to support the Gateway, a community resource centre, owned by WHA with day to day management of the facility undertaken by the Gateway independent charity. The centre is home to more than 25 local community, public sector and voluntary organisations which provide assistance, advice and guidance to cater for community needs.

After receiving rental income from Gateway tenants totalling £365k, the service generated a modest surplus of £26k, an improvement on the previous year's sum of £14k. We collect a sinking fund contribution from Gateway tenants as part of the rental income, ensuring that funds are set aside to meet future planned maintenance expenditure.

### Tenant Scrutiny

This year the Scrutiny Panel has conducted a significant review of Resident Involvement which highlighted a number of opportunities in respect of VFM:

- A review of the funding mechanisms and levels to WHA Tenant & Resident Associations led to a recommendation to maintain the overall budget but to ensure they were more fairly distributed in areas where WHA has a greater number of properties and tenants
- Better and more regular use of the Focus Group, a group of volunteer tenants who can be called upon to give their opinion on issues and services and to encourage the use of email/internet communications to provide VFM
- To consider the relevance, time, location and planning of future tenant conferences to ensure that it is providing VFM for the organisation.

Subsequent to the review a total annual saving of £6k was agreed from the following year's tenant participation budget.

## Employment & Skills

### Apprentices

WHA has committed to employing apprentices for almost 10 years. Employed for a period of 2 years with access to nationally recognised qualifications, the majority have gone on to further study or permanent employment. Numbers have reduced from previous years due to operational circumstances but our target budget commitment is for a minimum of 3 positions:

Outcome	2014-15		2015-16		2016-17	
	FTE No.	Value	FTE No.	Value	FTE No.	Value
Apprenticeship*	4.50	£6,716	2.33	£3,478	1	£1,492
Secure job*	3	£27,854	2	£18,570	1	£9,285
<b>Gross Social Value</b>		<b>£34,570</b>		<b>£22,048</b>		<b>£10,777</b>

\* HACT allows certain values to applied together

## Summary

In summary the organisation is generating in excess of £1million social value according to the HACT indicators.

Outcome	2014-15	2015-16	2016-17
Health & Wellbeing	£410,227	£563,489	£870,595
Community Infrastructure	-	£170,650	£226,972
Employment & Skills	£34,570	£22,048	£10,777
<b>Gross Social Value</b>	<b>£444,797</b>	<b>£756,187</b>	<b>£1,108,344</b>

“The assessment shall evidence the value for money gains that have been and will be made and how these have and will be realised over time”.



## Our VFM achievements in 2016/17

Last year we set out to refocus our attention and efforts on VFM and proactively identified a number of areas where we expected to make gains, whilst continuing to deliver our business strategy and organisational objectives.

## Our VFM achievements in 2016/17

The table below summarises those previously identified actions and our progress towards them:

Area of activity	Saving / efficiency gain	One-off or recurring	Comments
<b>Overheads</b>			
Outsourcing of IT support and joint procurement	£21k	Recurring	<b>Achieved</b> – effective from July 2016 and will represent an ongoing saving.
ICT Strategy / Digital Agenda	Time & resource efficiency	Recurring	<b>Ongoing</b> – introduction of digital services allowing customers to communicate and transact with us on-line – progress made in collecting customer communication preferences / introduction of online survey.
P.R. / Publicity	£9k	Recurring	<b>Achieved</b> – implemented Jan-17
<b>Rents &amp; Welfare Reform</b>			
Savings on tenant incentive schemes	£10k	Recurring	<b>Achieved</b> – permanent reduction in budget.
Arrears Progression Module	Time & resource efficiency	Recurring	<b>Ongoing</b> – updating of automated arrears progression to streamline process
<b>Repairs &amp; Maintenance</b>			
Contractor Access Portal	Time & resource efficiency	Recurring	<b>Ongoing</b> – introduction of module for contractors to allow remote access to jobs/appointments - currently being trialled with two volume contractors
<b>H.R. &amp; Staffing</b>			
Salary Grade 'Bars'	Better trained staff	Recurring	<b>Achieved</b> – the introduction of qualification / training based salary 'bars' into the grading structure
Project Officer post not replaced	£43k	One-off	<b>Achieved</b> – in year saving at present, may recur dependent on plans
In-house H.R. services	£6k	Recurring	<b>Ongoing</b> – ending of support contract with external provider – notice has been given to end in Jan-18
<b>Other Services</b>			
Reduction in WHiA Handyperson staffing	£26k	Recurring	<b>Achieved</b> – implemented May 2016
Gateway rent maximisation	£15k	Recurring	<b>Achieved</b> – removal of rent subsidies implemented at lease renewal Oct-16
Credit Union support	£15k	Recurring	<b>Achieved</b> – grant funding ceased, effective Mar-17
<b>Total</b>	<b>£145k</b>		



## Our Future Plans for 2017/18

Upon first drafting our new five year financial forecasts it was clear that operating surplus was reducing in both absolute and percentage terms, reflecting the widening gap between reduced rents and increased costs due to inflation. No change in activity levels and/or service delivery had been assumed at that stage:

Five Year Financial Forecast – 1st Draft £'000	Budget 2017-18	Budget 2018-19	Budget 2019-20	Budget 2020-21	Budget 2021-22
<b>Turnover</b>	6,924	6,935	6,979	7,075	7,172
<b>Operating Surplus</b>	1,646	1,535	1,439	1,398	1,359
<b>%</b>	23.77%	22.14%	20.61%	19.77%	18.94%

Upon review, the Board agreed that this trend could not remain unchecked and set a target for the Executive to achieve an operating margin at 2017/18 levels in percentage terms for the period under review. Following final adjustments, the Board approved the financial forecast as follows:

Five Year Financial Forecast – Final Version £'000	Budget 2017-18	Budget 2018-19	Budget 2019-20	Budget 2020-21	Budget 2021-22
<b>Turnover</b>	6,927	6,938	6,982	7,079	7,176
<b>Operating Surplus</b>	1,602	1,605	1,615	1,637	1,660
<b>%</b>	23.13%	23.13%	23.13%	23.13%	23.13%

The anticipated cost savings and/or additional income required over the period to achieve our target is £941k and it is a priority in 2017/8 and beyond for the CEO and SMT to focus on plans to meet this.

### Maintaining our Assets

A baseline repairs budget has been set for 2017/18 of £1,021k, which has been increased by inflation over the remaining 4 year period. Inflation has been set with reference to recognised economic indicators as per the table below. During this financial year we will review our costs and assumptions on both maintenance and asset management processes and practice. Also this year we will be reviewing our approach to Active Asset Management, in line with our recently approved Growth Strategy. We will also deliver increased savings through improved pricing, efficiency, tendering, procurement and volume purchasing. For example:

- We have commissioned a review of our procurement processes, undertaken by our internal auditors, to ensure that we are following best practice
- We are undertaking a joint procurement exercise with Community Housing Associations North West on items such as boilers, kitchens, bathrooms and electrical work
- Establishing links with Dulux paints allowing extension of our cyclical painting programme, leading to cost savings through a 'paint-free' year without diminishing the quality of finish to our properties.

Day-to-day repairs £'000	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Current Budget	1,021	1,046	1,068	1,089	1,086	5,310
Inflation	-	2.5%	2.1%	2.0%	2.0%	
Freeze 0%	1,021	1,021	1,021	1,021	1,021	5,105
Saving	-	25	47	68	65	<b>205</b>

## Staffing and Management Structures

The recruitment of a new CEO and the recent retirement of our Property Services Director during 2016/17 has provided the opportunity for us to review the efficiency and effectiveness of our senior management structure during this year. We recognise, for example that other organisations of our size, locally and nationally have looked at a number of alternative structures. Alongside this assessment we will take the opportunity to review our wider staffing structures in line with our digital agenda and the changing expectations of our customers. A particular focus for the current financial year will be our sheltered housing service. We expect the outcome of our reviews to deliver savings as follows:

Staffing / Management Structures £'000	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Current Budget	119	120	122	123	124	608
Revised Forecast	119	85	86	87	88	465
Saving	-	35	36	36	36	<b>143</b>

## WHiA and LifeTime

WHA is committed to supporting added social value, and are able to demonstrate the impact of our activities through various impact tools such as HACT. During 2017/18 we will review our activities in this area and the longer-term sustainability of our projects in relation to both our Home Improvement Agency and LifeTime. VFM will be a key focus of our review process.

### Summary

Firm plans will yield a level of saving as shown in the table below, and further work will be carried out through 2017/18 to identify additional savings, efficiencies and income opportunities. Whilst this work is ongoing, costs are being controlled and not increased further.

Savings £'000	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Day-to-day repairs	-	25	47	68	65	205
Staffing / mgt structures	-	35	36	36	36	143
<b>Total</b>	-	<b>60</b>	<b>83</b>	<b>104</b>	<b>101</b>	<b>348</b>
% Turnover	-	0.86%	1.18%	1.46%	1.40%	

## Our Compliance

This self-assessment demonstrates our belief that WHA continues to balance the challenge of maintaining high performance standards with the most efficient use of our funds. During 2016/17 we have delivered on the VFM priorities we set out in last year's self-assessment despite the significant amount of internal change the Association has undergone.

We have sought to identify further opportunities to embed VFM across the organisation, most notably through the staff team, an initiative which will pay further dividends over the coming years.

The review of our approach to benchmarking, making sure that we are comparing ourselves to the most appropriate peer group, will serve to strengthen further our understanding of our costs and to ensure that the appropriate balance is struck between costs and performance.

The Board recognises that it is ultimately responsible for ensuring compliance with the regulatory standard on Value for Money. The Board believes that through the range of internal & external information, validation and assurance it regularly receives, it has obtained sufficient evidence to demonstrate compliance with the VFM standard.



“Registered providers’ boards shall demonstrate to stakeholders how they are meeting this standard”.



## Appendix 1 – SPBM Peer Group

Organisation Name	Total Stock	Turnover
Alpha RSL Limited	853	5,912,873
Arawak Walton HA	982	5,350,916
Arcon HA	1172	6,233,000
Ashton Pioneer Homes Ltd	918	4,179,000
Crosby HA	410	2,100,000
Eldonian Community Based Housing Association	394	2,003,143
Family HA	375	Not available
Forum HA	302	4,335,702
People First Housing Association	283	1,959,630
Pierhead HA	1551	8,577,000
Prestwich and North Western	180	Not available
Steve Biko Housing Association	265	Not available
Warrington HA	1286	7,131,000
Wirral Methodist HA	835	4,927,593

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