

WALSALL HOUSING GROUP

VALUE FOR MONEY SELF-ASSESSMENT

September 2014

INTRODUCTION TO VFM AND whg

Walsall Housing Group (whg) exists to provide good quality homes for those who could not otherwise afford them. For us, Value for Money (VFM) is about being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide quality homes backed by high quality services and support. Value therefore means the number of homes, the appropriateness of those homes to Walsall needs, the quality of the homes and the quality of the services we provide which in turn lead to improved quality of life and wellbeing for our customers.

The information contained in this self-assessment has been previously reported to the Group Executive, Committees and Boards during 2013/14. The projects have been monitored throughout their lifespan and actions taken where corrective action has been needed. This self-assessment has also been reviewed and approved by the Board prior to submission to the HCA in September 2014.

VFM AND whg's PURPOSE AND OBJECTIVES

Our approach to VFM has been developed from the "Altogether Better" Corporate Plan 2011-2014. It is based on what is required to deliver the Plan's mission of becoming "a truly outstanding housing organisation dedicated to the success of our neighbourhoods and people". It is structured towards delivering our purpose against the background of performance in previous years, what our peers are achieving and changes in the external environment.

The VFM strategy is agreed by the Board who monitor performance in order to gain assurance that the strategy is being delivered. In February 2014, Mazars LLP, our internal auditors, conducted an audit and provided the Board substantial assurance that whg has adequate controls in place over its strategic Value for Money arrangements. A copy of their internal audit report is available on request.

2013/14 was the final year of our "Altogether Better" Corporate Plan and we have successfully completed the aims that we set out in the Plan to support our mission, which include:

- Delivered services that delighted our customers.
- Created great homes and neighbourhoods.
- Strengthened local communities through working in partnership.
- Became a stronger, more efficient and productive business that is a great place to work.
- Achieved growth through ambition, innovation and collaboration.

The projects that have been carried out during the year are linked directly to the aims of the Group and all work towards achieving our overall mission. The contents of this self-assessment give details of the progress and achievements of these projects.

STRATEGIC APPROACH TO AND DELIVERY OF VFM

Our business planning uses the objectives and outcomes in the Corporate Plan to drive the business forward. These plans are developed by each Directorate within a Group-wide process which ensures that the use of assets and resources required to meet service, quality and other non-financial objectives are recognised in the financial plans and budgets.

In line with our VFM strategy, each directorate continues to produce annual self-assessments which have been used to inform this report.

All the projects that are detailed in this report have been reviewed by the Boards and Committees of the Group to ensure they are focussed on working towards the overall mission. This process allows for projects to be scrutinised and corrective actions to be taken where necessary.

At whg the Group Executive and Board work to embed VFM as a fundamental element of our culture. We have a VFM strategy, which is available on request, and this is supplemented by other strategies related to asset management, development, people and ICT.

In order for VFM to be fully embedded within whg's culture and operational activity it is recognised that responsibility for VFM is not restricted to those with performance or financial responsibilities. Each directorate has prepared a VFM plan and more detailed self-assessment which not only informs this report, but is used to inspire and monitor VFM achievements.

We have integrated VFM in the following ways:

Governance – Board Members' duties include reviewing the cost, efficiency and effectiveness of our operations and ensuring compliance with the regulator's VFM standard. The Group Executive and colleagues are encouraged to question how we operate to find ways of providing a better and more efficient service.

Financial – Our financial and corporate planning has a clear requirement for budget and business plan targets that will produce efficiency gains and improvements to services each year. Each team works to improve how it procures goods and services and looks for new ways to work with partners so that we provide VFM.

Managing Performance – We continually review our performance and benchmark ourselves against relevant peer groups. Our objective is for our services to be in the upper quartile and we aim to be the best in quality of service and financial strength. The Business Improvement Team carries out reviews to help us understand the costs of our various activities and identify service improvements.

Customer Focus – Improved customer satisfaction with services that are both reliable and VFM is central to our Corporate Plan. The Board and Group Executive regularly monitor progress on customer satisfaction levels. We are committed to customers receiving VFM from their rent and service charges and involve them in our decision making.

Planning Process – Our annual business planning process across all divisions aims to achieve the best service to customers at the most efficient cost and to generate

headroom to allow us to invest in our properties, improved services and responsible growth.

People – We are committed to investing in our colleagues and rewarding outstanding performance to improve customer satisfaction and financial strength.

VFM SELF-ASSESSMENT 2013/14

HIGH LEVEL VFM PERFORMANCE

whg's strategic framework for the delivery and assessment of VFM has helped us consistently to meet our internal budgetary and business plan targets, the requirements of funders and regulators. The HCA regularly give us the highest financial viability rating and we compare well with our peers in Housemark.

In addition to more formal benchmarking, for a number of years we have been comparing both our financial and operating performance with the M6 group who comprise some of the largest Registered Providers (RPs) in the Midlands.

The actual position for 2013/14 for the Group is set out below together with the two previous years to show the performance trend.

FINANCIAL VFM ANALYSIS

Financial VFM Analysis	Walsall Housing Group Limited			M6 Group Average	
	2014	2013	2012	2014	2013
Management costs per property £	647	597	626	835	900
Services Cost per home £	248	255	238	375	411
Maintenance expenditure per home £	397	353	322	699	729
Cyclical and major works spend per property £	1,453	1,398	1,116	579	582
Bad debt loss per home £	64	28	37	36	47
Void loss per home £	64	96	62	65	66
Social Housing lettings operating margin %	23.6%	24.8%	26.7%	30.7%	30.9%
Operating Cost per Home £	3,299	3,099	2,836	3,195	3,373
Debt per Home (general needs) £	11,469	10,995	10,592	24,268	24,367
Interest per Home (general needs) £	596	591	518	896	911

Comments on the figures in the Table above are set out below:

Financial VFM Analysis

Management costs per property £	Management cost per home is calculated based on the details in Note 2b to the accounts. We continue to demonstrate top quartile management cost performance when compared to the M6 group and our peers.
Services Cost per home £	Our service costs are lower than the M6 group.
Maintenance expenditure per home £	We are a top performer on responsive costs per home at £397 which is significantly below the M6 average
Cyclical and major works spend per property £	Our property cost at £1,453 reflects the continued investment on planned works and the shift from responsive to cyclical. More expenditure has been incurred for eco and cyclical works.
Bad debt loss per home £	Our bad debt costs have increased during the year, this relates to the affect of welfare reform and providing for customer recharges.
Void loss per home £	The void loss cost per home has decreased in line with the M6 group average. This is due to works being carried out to improve void loss. Including reallocating resources and disposing of high cost voids.
Social Housing lettings operating margin %	At 24% this reflects our continuous focus on efficiency and surplus generation to provide resources for the investment in our properties and new build programme. We are median quartile when compared to our Housemark peer group.
Operating Cost per Home	Operating costs are slightly up on last year and relect the increased planned works expenditure.
Debt per Home (general needs) £	At almost £11.5k per home we have the lowest debt per home and are upper quartile when compared to our peers in Housemark benchmarking.
Interest per Home (general needs) £	We have the lowest interest cost per home within the M6 group.

HOUSING VFM ANALYSIS

Housing VFM analysis	Walsall Housing Group Ltd			Housemark 2013	
	2014	2013	2012	RSL's > 10,000	M6 Group
Current rent arrears % -social housing properties	5.3	5.3	5.1	5.00	3.40
				bottom quartile	
Current arrears net of unpaid Housing benefit -%	1.5	1.4	1.6	2.26	no data
				top quartile	
Re-let times in days -social housing properties	31	33	27	28	26
				middle quartile	
Residents satisfaction overall %	87.8	86.1	86.6	88.2	84.7
				upper quartile	
Resident satisfaction with repairs %	80.3	80.1	82.8	80.4	80.5
				middle quartile	

Comments on the figures in the Table above are set out below:

Housing VFM analysis

Current rent arrears -social housing properties	Our focus is on current rent arrears net of housing benefit and we were top quartile when compared with Housemark. However our gross arrears performance of 5.3% has remained stable and with the challenges of welfare reforms our focus in this area will continue. Our gross rent arrears is higher than our peers due to the large percentage of our customers receiving housing benefit (70% compared with our peers 50%)
Current arrears net of unpaid Housing benefit	
Re-let times in days -social housing properties	Despite improved performance during 2013/14, we are still third quartile in this area. We will continue to focus improvements on this area during 2014/15
Residents satisfaction overall	This years satisfaction rating of 87.8% is based on an independent survey by Voluntas and is second quartile. We have made improvements in this area, however missed our objective to achieve 90% by 2014.
Resident satisfaction with repairs	whg's resident satisfaction with repairs at 80.1% is middle lower quartile and is in line with the M6 group average of 80%. The Asset Management Team will aim to move this up by one quatile during 2014/15

RETURN ON ASSETS

Asset Management

We understand the value derived from our assets and we now manage them proactively to ensure we drive VFM and social value. For example, when a property becomes void, our treatment of that property will depend on a number of variables including condition, location, value, tenure and the return on the asset.

We use Active Asset Management methodology to ensure ongoing appraisal of all our homes using a sustainability indicator and a net present value calculation. These indicators are determined at an individual property level and are amalgamated into groupings (e.g. area/ street/ neighbourhood/ archetype).

The two indicators are determined separately but viewed side by side at individual property level and grouped levels. The individual property level information can identify particular properties with unusual issues, however, the powerful use of the indicators is at a grouped level to identify trends (e.g. particular areas becoming unsustainable, particular property archetypes showing low net present values due to high repair levels).

The sustainability indicator takes into account:

- Repairs history;
- Void occurrences (tenancy changes);
- Socio-economic indicators for the neighbourhood derived from national statistics office;
- In future, the "Great Homes and Neighbourhoods" rating from tenant inspection will be factored in.

The net present value calculation takes into account:

- Repair costs estimates – based on last three years' history;
- Void cost estimate – based on occurrence rate and cost history;
- Predicted planned works spend over 30 years;
- Predicted rental income.

Our stock is mainly general needs and the analysis focuses on this tenure across location and neighbourhoods. Properties or groups of properties that show low net present value and low sustainability rating are targeted for investigation of the issues behind the results, together with market value and retention costs. Solutions are sought through management or other proposals. In circumstances where disposal is proposed then an appraisal of housing management impact on the area is weighed against the short and long term financial benefits before a final decision to dispose is taken.

To ensure we maintain the highest return on our assets we identified 27 properties for disposal in 2013/14 where the average cost of repairing the property to letting standard was 47% of the expected selling price. These properties generated surpluses of **£2.1m** which were reinvested in new housing provision. A further 150 properties have been identified for disposal in the next few years.

In addition to the modelling above we also carry out a simple Return on Assets calculation year on year to demonstrate a summary indication of asset performance as follows:

		2013/14	2012/13	2011/12
Property Net Book Value	£'000	251,792	235,367	219,035
Operating Surplus (including surplus on disposals)	£'000	21,518	18,554	18,243
Return on Assets	%	8.55%	7.88%	8.33%

Stock Condition

We have an up-to-date Asset Management strategy and 30 year business plan that identifies the resources required to maintain our homes at our decent homes standard plus. The resources needed to maintain our housing standard are fully included in the business plan. We survey 10% of our stock each year and undertake a full independent stock condition survey every five years to ensure that investment requirements are up-to-date.

Valuation

Each year we carry out a revaluation on our properties at Existing Use Value – Social Housing (EUV-SH) in order to ensure our properties have sufficient value for security against our loans. The results below show that our average value per property has grown over the last few years, suggesting that the investment in our properties is increasing our return on assets by approximately **7%** per annum.

2011/12 - £19,135k

2012/13 - £20,563k

2013/14 - £21,689k

The value of our stock is currently £465m and we are exploring a refinancing opportunity to increase our borrowing facilities from £240m to £375m.

Development Programme

Growth is important to us as it satisfies housing need, adds social value and enables us to reduce costs per home. Activity across our development programme increased substantially last year. Our aim is to have a development programme of at least 400 homes per year and to have more than 30,000 homes in management by 2024.

The financial statements show a strong financial performance for the year with a surplus of some £12m (£9m in 2013/14) enabling us not only to reinvest in services to customers but also to build more affordable homes. During the year we have received £4.2m in grant funding helping us to develop 419 homes. 194 homes were completed during the year with a further 225 on site for completion in 2014/15. We started over 100 homes a year early to take advantage of developer grant slippage. We now have the financial resources to deliver 1,000 new homes over the next few years. Our VFM achievements in development include:

- “Value engineering” our designs, reducing the average cost of a home by up to 20%;
- Achieved an internal rate of return of 6.5% on new build schemes;
- Undertaking a thorough analysis of whg’s land bank, and building out 60% of whg’s land bank to regenerate local communities;
- Accessing external procurement frameworks such as the HCA’s DPP Panel to increase the range, scope and quality of contractors whilst saving internal costs of procurement;
- Developing partnership programmes with private developers that deliver outright sale homes at their own risk which generated cross subsidy provision for affordable rent homes via residual land value arrangement;
- We have attracted affordable housing grant amounting to £4.2m and increased the gross rental yield on schemes from approximately 4.5% to 5.7%;
- Reduced whg’s borrowing and internal subsidy requirements by maximising external funding and obtaining HCA dispensation to charge in excess of 80% market rent on 181 new build homes;
- Enhanced social value by incorporating training and apprenticeship schemes within build contracts;
- whg Developments Limited is used to deliver our development programme more efficiently and effectively. The Company generated

savings for the Group of £126k in 2013/14 and is expected to generate future savings of at least £300k per annum.

SOCIAL VALUE AND SOCIAL RETURN ON INVESTMENT (SROI)

Our aims as a social landlord differ from those of a commercial enterprise that focus on increasing shareholder value. Unlike commercial organisations we distribute some of our surpluses to customers in the form of rent subsidies, higher standards of maintenance, community regeneration and more investment in new homes. In 2013/14 our average social rents were approximately 85% of market rents across our 19,232 properties. This translates into an annual saving to our customers of approximately **£15m** a year.

Social value is about maximising the impact of investments to achieve the best possible social, environmental and economic outcomes. Measuring the social value created by what we do ensures that we are able to squeeze the maximum value from every pound we invest. We have commenced our journey to measure success in a different way to using traditional financial and performance indicators. We have begun to capture this using the SROI model of the New Economics Foundation. This will supplement our existing records of outcomes and benefits.

In 2013/14 Asset Management received an award for our partnering contract with Wates Living Space under PPC2000 from ACA. Our partnering contract was recognised not only as an example of good practice and financial efficiencies but for the added social value it had delivered which we estimate at **£1.2m**. The partnership delivered free health care provision (social value £450k), employment in the local community (£135k) and initiatives of community days (£600k).

Another project where we are undertaking an impact assessment is our CCTV project. The objective of the CCTV installation programme is to address and monitor the impact of anti-social behaviour, crime reduction and vandalism to our property and housing stock, and to improve on how we deliver and maintain our estate management services whilst providing a much safer neighbourhood and social environment for customers and local residents. Preliminary results indicate that we are delivering annual social value at approximately **£1.5m**, a return of £4 for every £1 invested.

The Regeneration Team has a specific role to develop and deliver a range of Capacity Building, Health and Employment and Skills projects to address issues including child poverty, fuel poverty, health and wellbeing and employment and training. Over the years, the Team has built an impressive portfolio of programmes, touched many lives and won national awards. Value added in the year includes:

- 2,490 customers involved in Capacity Building Programmes;
- 1,972 customers attended Healthy Lifestyle Advice Sessions;
- 1,481 customers benefiting from brief health interventions;

- 236 customers into non-accredited training;
- 55 customers entering volunteering programmes;
- 131 customers continuing into additional training;
- 1,021 customers benefiting from debt management advice;
- 127 voluntary and community sector groups supported to gain funding to enable them to continue and expand their services within their own neighbourhoods;
- Grants made to community groups totalling over £250k including:
 - VIEW (Visionary Investment Enhancing Walsall) Community Chest – providing up to £10k to Walsall Voluntary and Community Sector groups. Over the past year this has supported 14 voluntary and community sector groups.
 - Community First for 10 priority wards in Walsall, up to £2,500 to develop community activities to increase participation and foster community cohesion which has supported 113 voluntary and community sector groups within the past 12 months.
 - VIEW “People’s Fund”, up to £500 to help individuals’ dreams come true. In the past year this has supported 12 people to gain new qualifications, five of which have then entered employment and two have secured better posts.
 - These grants deliver real benefits to the voluntary and community sector in Walsall and can be life changing for individuals.
- Our award-winning Skills Centre provided courses and support for 91 apprentices during 2013/14.

In conclusion our analysis indicates that we have created social value of at least **£20m** in 2013/14.

VFM ACHIEVEMENTS IN 2013/14

We maintain a continued focus on our VFM strategy designed to fully embed the concept VFM within the organisation. By doing this we aim to:

- Ensure a sustainable financial future for the Group, whilst improving our priority services to our customers;
- Understand our costs, how they relate to our performance and how they compare with other organisations;
- Promote and embed a VFM culture across the Group.

Central to whg’s annual planning process is a robust VFM target. In recent years we have consistently met that target. The table below demonstrates that the Group exceeded the VFM target set at the beginning of 2013/14

financial year and made VFM gains of over £4.2m. Over the past two years we have achieved over £10m of VFM gains.

Target VFM Gains -Year ended 31 March 2014

	Target	Actual	Variance
Value for Money gains	4,012,231	4,153,738	141,507
Analysed as:			
Cash Savings	3,511,606	3,635,731	124,125
Non cash savings	500,625	518,007	17,382
	4,012,231	4,153,738	141,507

The main contributors to the VFM gains are set out below:

HOUSING MANAGEMENT

The Housing Service has made several improvements in the year and these include:

Void loss improvement from 2.29% to 1.5% representing increased income of £605k. whg has for some time recognised the impact that void numbers and void performance was having on the availability of homes for our customers. During 2013/14 both the Housing Management and Asset Management Teams have worked together to drive performance improvements in this area. From a peak of 400 voids in February 2013 this was reduced to 190 in March 2014.

We aim to further reduce voids rent loss to 1.0% and maintain the performance at this level. This means that properties are more readily available for new customers and rent loss is minimised. The higher rental income will enable more investment in services that our customers require.

Paperless Direct Debits (DD) with flexible dates were introduced in March 2013 as one of the measures to help customers with Welfare Reforms. The number of customers paying by DD during 2013/14 increased by over 4,000 and we now have over 6,000 customers paying by DD. The savings to the business for 2013/14 were £45k; this saving is expected to continue into the foreseeable future. Our target is to increase DD take-up to 60% of all current rent accounts, which is 11,500 accounts in total.

Tenant Information Portal System (TIPS) was developed in 2013/14 to allow our customers to contact us in a digital way, for example, to access their rent accounts or report repairs. For whg this has led to less colleague time spent on providing such information.

ASSET MANAGEMENT

In the past, our Asset Management strategy has focussed on ensuring our stock is well maintained to our Great Homes & Neighbourhoods standard. In 2013/14 we finalised a new revised Asset Management strategy to make the

most of our housing stock, tackle hard-to-let properties, exploit our land holdings and respond to customers' changing needs.

During 2013/14 our Asset Management Team has:

- Invested £5.1m net of grant eco works which have attracted £2.1m from British Gas under the Community Energy Saving Programme (CESP);
- Increased our Standard Assessment Procedure (SAP) energy efficiency rating across the Group to 78.8;
- Saved over 1,750 tonnes of carbon emissions and reduced some of our customers' fuel bills by 40% saving them over £400k;
- Achieved 2% saving on Wates major repairs partnering contract, saving £216k;
- Invested £12m to maintain the condition of our homes to our Great Homes & Neighbourhoods Standard, which far exceeds the Decent Homes Standard;
- Upgraded scheduling and appointments processes that have seen productivity increase by 5% over the last 12 months while now offering appointments for all work types. The efficiency gains equate to a non-cash saving of at least £42k;
- Provided private commercial work without additional resources whilst maintaining the core service.

SUPPORT SERVICES

This service provides support to the front line services of the Group. The contribution is often less visible than the main customer services, but can make a big difference to how services are provided, for example:

ISO 14001

whg is also delighted to have achieved compliance with the environmental standard ISO 14001. Measures taken to meet the standard include:



- Waste minimalisation at our Asset Management stores with 97% being recycled;
- 73% of waste previously tipped at landfill now recycled;
- Collections of waste from offices now once a week reduced from once per day.

On-line Expenses, which reduces the usage of paper, printing and colleague time as well as the risk of fraud saving approximately £10k.

Investing in Colleagues



whg has been recognised as the most improved not-for-profit organisation in the UK 2014, scooping a place on the prestigious Best Companies list. This comes shortly after we were awarded the Gold Standard from Investors in People (IIP) which is a national standard to recognise excellence in people management practices.

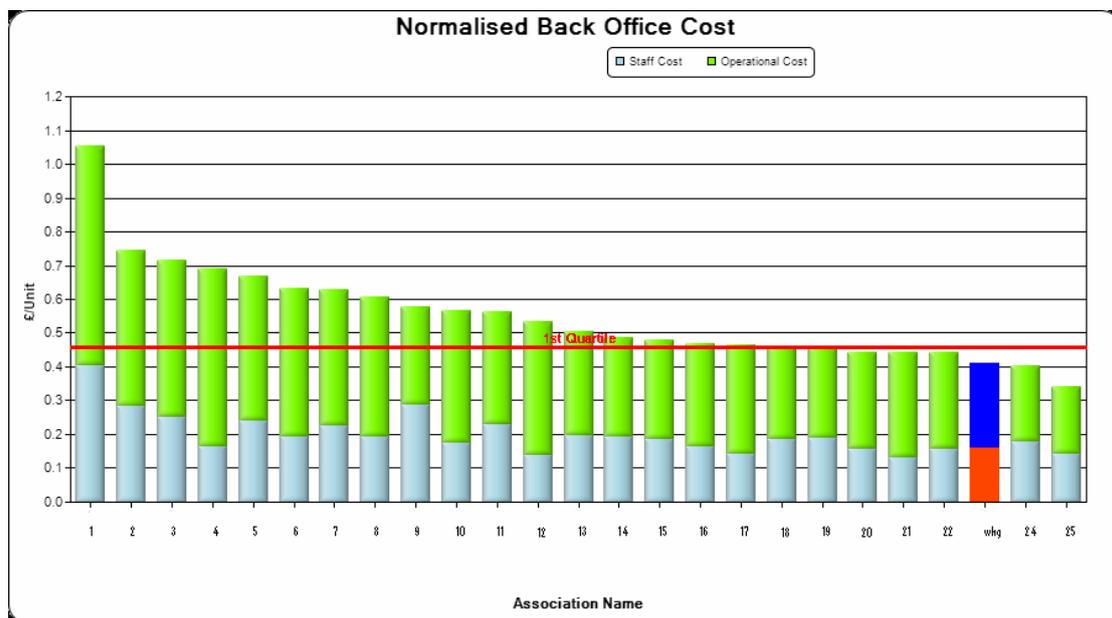


Ensuring whg is a great place to work is a key priority for us. Colleagues who are positively engaged ultimately deliver better services for our customers. whg wants colleagues to achieve personal growth and develop meaningful careers with us. Our aim is to continue to build on these high standards.

VAT Additional Recovery of £458k – working with our tax advisors we revisited our VAT shelter arrangements and reclaimed additional VAT.

Insurance Settlement Savings of £207k were made by our Insurance Team.

We participate in the Baker Tilly Back Office Benchmarking Club and this has allowed us to analyse the full range of Group support services which include, Finance, Human Resources and Information Technology. We continue to demonstrate delivering VFM from our Group support service. The graph below shows that whg operates in upper quartile with respect to our support costs.



CUSTOMER SATISFACTION

A key indicator of general and VFM performance is customer satisfaction. This is always an important area for us and our aim has been to raise customer satisfaction to 90%.

Voluntas Housing carries out customer satisfaction surveys for whg using the STAR survey format as part of its regular assessment of resident satisfaction. Their surveys also enable colleagues to track movements in satisfaction levels since April 2012. During 2013/14, 3,600 telephone surveys were carried out.

Satisfaction with whg's **services overall** is 88% which is highest level of satisfaction achieved by the Group and is on average higher than our counterparts in the M6 group. We are just below upper quartile (89%) for overall satisfaction.

87% of customers were also highly satisfied with the overall **quality of their home and with their neighbourhoods**. We are in the top quartile in this area.

Satisfaction with the **value for money of rent** which declined towards the end of 2012/13 seems to be stable at **84%** for this financial year. This is just below upper quartile.

The satisfaction with the repairs service remains at **80%** which is line with our peers.

ENERGY COMPANY OBLIGATION (ECO)

whg has been named the greenest in the UK after our eco-friendly credentials won the prestigious national award 'Sustainable Landlord of the Year'.



The award recognises outstanding work by housing organisations to improve the lives of people in their communities and are organised by the Chartered Institute of Housing and Inside Housing.

Eco-friendly measures included work to complete external wall insulation on 2,500 of our properties to make them energy efficient as well as the installation of communal heating systems, solar panels on some of our properties and a state-of-the-art ground source heat pump at Austin House, one of our high rise blocks. We are committed to complete work on thousands more of our properties and to install communal heating systems in all of our high rise blocks.



The latest step in whg's approach is to launch Surefire – a partnership with British Gas delivering energy efficiency measures across 3,000 of our least energy efficient homes as well as owner occupiers and privately rented homes, including commercial properties, across the region.

By 2020, we have a target of bringing in £30m of ECO funding to Walsall together with installation of energy saving measures to 10,000 more properties.

Together with our Community Energy Savings Programme (CESP) we have made a number of environmental, social and financial gains in 2013/14. These are as follows:

Social Gains

- Helping customers to tackle fuel poverty. The measures installed will save up to 40% of fuel usage resulting in lower energy bills for our customers.
- Increased disposable income enabling more spend on essentials contributing to sustainable tenancies (saving whg the £4k cost of each failed tenancy).
- Employment and skills opportunities created by the partnership for the local community.

Environmental Gains

- Carbon savings of 1,750 tonnes of carbon.
- Usage of environmental friendly heating systems and recyclable materials.

Financial Gains

- Levered in £2.1m in grant funding from British Gas.
- Treatment of multi-storey and hard to treat homes is one of our current priorities enabling gains to be made by whg in terms of asset condition and value.
- SAP ratings (78.8) of our property portfolio increasing their net present value.
- Savings from re-aligning programmes to deliver repairs to roofs, gutters and facia.

PROCUREMENT

We continue to achieve significant procurement savings. We have in effect achieved savings in excess of £5m to March 2014 and expect to exceed £15m by 2016.

We have used more effective procurement processes not only to reduce costs but to improve quality. We have tendered key contracts and so far secured savings of almost £130k in the current year, whilst in many cases obtaining better services. Many of these savings will continue for several years and have been reflected in the budget for 2014/15. We involve our customers in these tender processes to ensure we achieve the right balance between cost and quality.

Our award of the £40m retrofit contract to British Gas in 2013/14 will generate savings to the Group of approximately £10m in the next few years.

For 2014/15 we will continue to look for increased value from procurement and develop our VFM approach further.

ACHIEVEMENT AGAINST PLANS SET IN 2013/14

The table below provides a summary of our achievements against the plans set in our self-assessment in 2013/14.

Targets 2013/14	Achievement
Targets for efficiency gains of £4m in 2013/14	Exceeded target by £154k
Provide 515 new homes by 2016.	Plans now predict an increase in this target to 936 homes by 2016
Achieve ISO 14001 accreditation This is the green/environmental standard.	This accreditation was achieved during 13/14
Implement extended working hours to increase the service offer to the customer.	Implementation completed
Enter into a retrofit contract with a utility company to undertake works of approximately £40m over the next three years increasing the SAP ratings on our properties and reducing fuel poverty Around 75% of the total project cost will be covered by grants.	Contract signed in March 2014 however approximately 50% of project costs will be covered by grants.
Introduce new performance measures for monitoring the return on assets including social and environmental returns.	Introduced as part of the self assessment.
Undertake one large Social Return on Investment assessment and two smaller assessments and develop a model that is bespoke and manageable for whg.	Large SROI assessment on our CCTV project due to be completed in September 2014. Two smaller assessments carried out and detailed in this report
Deliver capacity building programmes to support customers into employment.	Carried out through our Regeneration Team and the employability programmes
Participate in the Times Best Companies Survey in 2013 and achieve "One to Watch" status.	Achieved "One Star" Status which exceeded our target and recognised as the most improved not for profit organisation in the UK.
Develop the procurement capacity of the Group to enable more proactive value generation.	Not achieved during 2013/14 and will be carried forward to 2014/15.
Develop a new approach to service reviews and improvement initiatives and apply to three key areas of the business.	Service review methodology has been developed. Positive progress made during 2013/14 and applied to 3 key areas, however further improvement to be made during 2014/15
Identify the drivers of dissatisfaction from STAR and specific service surveys and deliver improvement plans.	A new dissatisfaction report has been produced; creating clear accountability and quick ways to resolve queries
Refresh our Welfare Reform Plan in the light of experience as the changes take place, to minimise any potential negative impacts of the reforms on whg and our customers.	Plan refreshed in December 2013, working towards the Universal Credit launch in 2016
Increase by 100% the number of our customers paying by direct debits.	Target exceeded with the number increased by almost 200%.

BENCHMARKING

We believe that it is important to benchmark across our services and have benchmarked for a number of years in the following groups:

- Housemark Core;
- Housemark Specialist Repairs;
- Baker Tilly Back Office.

The information provided to these benchmarking groups relate to a range of cost, performance and customer satisfaction data in respect of activities carried out by RPs. This information is collected on a regular basis and is reported on to enable informed decision making on how to improve performance.

We compare ourselves to a peer group with Housemark of traditional and LSVT RPs who own 10,000 or more properties, which allows us to make comparisons with similar organisations.

Housemark uses traffic light indicators where high performance and low cost are green while low performance and high cost are red. However, it is recognised that average or higher than average costs might be perfectly acceptable if they can be justified in terms of performance and/or user satisfaction. The following quartile ratings key is used to easily denote which areas are high performance (upper) and those that require further investigation:

Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
						
Best performing 25% of organisations in the benchmark	Organisations in the 25% of benchmark below top quartile	Organisations in the middle of the benchmark group	Organisations in the 25% of the benchmark below second quartile	Worst performing 25% of organisations in the benchmark	Not Applicable	No Data given

Results are not yet available for 2013/14. However the 2012/13 results show that in general whg's performance has improved compared to the previous year's results.

The overall cost and quality results are summarised in the table below.

Efficiency Summary for Walsall Housing Group

Business activity	Cost KPI	Cost KPI Quartile			Quality KPI	Quality KPI Quartile		
		Walsall Housing Group (2012/2013)	Walsall Housing Group (2011/2012)	Walsall Housing Group (2010/2011)		Walsall Housing Group (2012/2013)	Walsall Housing Group (2011/2012)	Walsall Housing Group (2010/2011)
Overheads	Overhead costs as % adjusted turnover				Overhead costs as % direct revenue costs			
Major works & cyclical maintenance	Total CPP of Major Works & Cyclical Maintenance				Percentage of tenants satisfied with the overall quality of their home (GN & HfOP)			
					Percentage of dwellings that are non-decent			
Responsive repairs & void works	Total CPP of Responsive Repairs & Void Works				Percentage of tenants satisfied with repairs and maintenance (GN & HfOP)			
					Average number of calendar days taken to complete repairs			
					Average re-let time in days (standard re-lets)			
Housing management	Total CPP of Housing Management				Percentage of tenants satisfied with the service provided (GN & HfOP)			
					Percentage of anti-social behaviour cases resolved successfully			
					Current tenant rent arrears as % of rent due			
Estate services	Total CPP of Estate Services				Percentage of tenants satisfied with their neighbourhood as a place to live (GN & HfOP)			

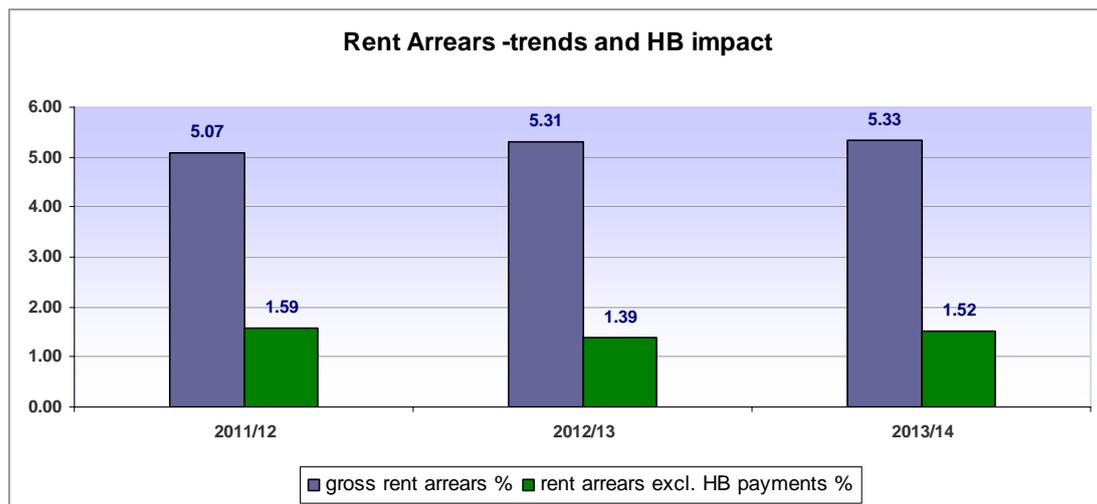
The benchmarking shows that our position is improving relative to our peers. We are by no means in the top quartile for every area yet, which is our ongoing target. There are 15 overall indicators, the main findings from above are:

Four out of 15 indicators are top quartile:

- Overhead costs;
- Cost of repairs and voids;
- Cost of housing management;
- Performance on anti-social behaviour.

10 out of 15 viable indicators are above average while two indicators are bottom quartile.

The Key Performance Indicator (KPI) for current rent arrears as a percentage of rent due is lower quartile in 2012/13. This performance is mainly due to the high level of our customers on housing benefit (about 70% compared with our peers 50%). Our analysis shows that the trend for net rental arrears is stable at 1.52%.



The KPI percentage of tenants satisfied with their neighbourhood is lower quartile in 2012/13, however our work with Voluntas in 2013/14 suggests that we have made significant improvements in satisfaction to at least median quartile.

Housemark also analyses operational costs in a number of areas and these are set out in the following table:

Business Activity	Total Costs per Property		
	Walsall Housing Group 2012/13	Walsall Housing Group 2011/12	Walsall Housing Group 2010/11
Rent arrears			
Tenancy Management			
Lettings			
Responsive Repairs			
Void Works			
Finance			
ICT			
Estate Service			
Major Works			
Resident Involvement			
Anti-Social Behaviour			
Cyclical Maintenance			

The bulk of housing management and maintenance services, and support functions, are above average for efficiency. Anti-Social Behaviour has made improvements during the year, whilst Cyclical Maintenance remains unchanged, which reflects the stages of the stock profile cycle. Specialist repairs benchmarking continues to show our in-house repairs service is consistently upper quarter.

Benchmarking continues to be a useful tool in identifying areas for best value reviews and the order in which reviews should take place.

PLANS FOR 2014/15 AND BEYOND

Our strategy for 2014/15 will be to continue to transform our services to help our customers through the challenges they face. Building on this year's achievements our plans include:

- Within our strategic aim of “Deliver a strong business, fit for today and prepared for tomorrow”, the WHG Board plans to undertake a review of the governance model so as to make sure that it is VFM and can respond to the challenges our business faces over the coming years.
- The Group Executive will review the organisational structure to ensure that it is fit for the purpose to support the evolution of the Group. One objective of the review is to strengthen our senior management structure to help us deliver the challenging targets we have set out in the new Corporate Plan over the next 10 years.
- We plan to deliver VFM gains of £3.5m next year made up as follows:
 - Eco funding of £2m;
 - To further reduce void relet times and voids rent loss (to 1.0%) and maintain performance at this level increasing income by a further £200k;
 - Deliver VFM gains of £500k from our 2014/15 procurement programme;
 - Improve colleague productivity £131k.
- The Asset Management Team works hard to look for ways to deliver repairs in the most efficient and effective way possible, whilst minimising disruption to our customers. During 2014/15 the Team plan to:
 - Create, implement and deliver an action plan that will cement whg as the best in-house delivery vehicle in the country by 2016;
 - Create a financial matrix for in-house delivery colleagues to drive efficiency and effectiveness;
 - Implement new contractor and mobile delivery systems to reduce manual administrative processes and to enhance customer service, which will drive increased customer satisfaction with the repairs service moving satisfaction with the service towards 84%.
- Complete the roll out of the new document management system.

- Complete the refinancing exercise to increase our borrowing capacity from £240m to £375m to provide the additional funding required to deliver over 1,000 new homes over the next few years.
- Increase the number of customers signed to direct debit to 9,000, saving on collection costs of £45k.
- Develop further our social value analysis going forward, rolling out our methodologies to cover all the services we deliver, we aim to evaluate and quantify the social value that we deliver on a continuous basis and produce an annual social value report for our stakeholders:
- Develop and deliver two major strategic regeneration schemes working in partnership with project groups to achieve positive social impact within the local neighbourhood.
- Submit a HCA bid to fund the development of 590 new homes over the next three years from 2015/16. (Completed)
- Establish a direct payment demonstration project with up to 500 hundred households of working age.
- Achieve HQN Rental Income Excellence Network (RIEN) accreditation for the Income Collection Service which will provide our customers with an independent, expert evaluation of the quality and performance of our services, including our measures to address financial exclusion and support residents to maximise their income.