

PICKERING AND FERENS HOMES

2016 VALUE FOR MONEY SELF ASSESSMENT STATEMENT

1. INTRODUCTION

It is a regulatory requirement of the Homes and Communities Agency (HCA) that the boards of Registered Providers shall demonstrate to stakeholders how they are meeting the HCA's Value for Money (VFM) standard, and that they should publish a robust self-assessment which sets out in a way that is both transparent and accessible to stakeholders how they are achieving VFM in delivering their purpose and objectives. In this statement Pickering and Ferens Homes (PFH) sets out its strategic approach to the delivery of VFM led by the Board of Trustees and how this underpins the organisation's Business and Financial Plans.

This statement was substantially prepared prior to further announcements in relation to the effect of rent policy and welfare reforms on charitable almshouse trusts and in advance of the outcome of the supported and sheltered housing national funding review.

In light of these issues, the pending supported and sheltered housing review, and alongside an expectation that providers will support the increase in housing supply, we are carrying out a comprehensive review of our plans and our exposure to risk, and a revised business and financial plan will be submitted to Board for approval in November.

2. VFM SELF ASSESSMENT

During the last 12 months we have fundamentally reviewed our approach to VFM. The actions we have taken, our approach to reporting, and the plans that we have in place for the future supports the Board's view that PFH meets the requirements of the HCA's VFM standard. Our self-assessment demonstrates that:

- We have a robust approach at both a strategic and operational level to making decisions on how we use our resources to achieve our objectives, including an understanding the trade-offs between opportunities and costs;
- We have increased the rigour we apply in our consideration of alternative service delivery models, both in house and particularly in relation to procurement and outsourced services as a means of achieving VFM;
- We have effective performance management and scrutiny functions in place which have identified areas for improvement and which have, in turn, informed our plans;
- We have a good understanding of the costs and outcomes of delivering our services, including the delivery of social value, with future plans in place for further improvements;
- We understand the return on our assets and we are using this information to assess both the financial and social return of those assets, and
- We seek to challenge and innovate to deliver new approaches which increase VFM outcomes.

We believe that we have made strides in the delivery of PFH's VFM objectives however we recognise that there is much more to do. We have identified areas for improvement and we see this as an iterative process. We have incorporated many new items within our future plans and we routinely report progress against measurable outcomes to our Audit and Risk Committee and the Board of Trustees.

3. OUR STRATEGIC APPROACH TO VFM

PFH is committed to the achievement of VFM in the delivery of all of its services. VFM is now part of the organisation's 'DNA', demonstrated in the cultural shifts we have made which have driven change, efficiencies and outcomes in the last 3 years.

We have had a VFM strategy in place since 2013 which has been recently revised and approved by the Board (July 2016).

We define VFM as:-

Doing the right things, investing in the right physical and human assets at the right price, doing things right through economic, efficient and effective service delivery and checking the right outcomes have been achieved as a result.

Our aim is to ensure that resources are utilised as efficiently and effectively as possible to deliver our strategic objectives - freeing up extra resources which can be re-invested into meeting housing need and services and responding to local and national strategic housing agendas.

We also define VFM from the perspective of our customers in any service or process. We match this against our financial abilities, market comparisons and competitiveness, ensuring that products and services are procured and delivered effectively obtaining the right level of quality. 87% of our Residents state that they believe their rent represents VFM.

Our strategy incorporates the following reporting tools which feature in the appendices of this statement:

- Value for Money Performance Against Plans and Efficiency Log 2015-16 (Appendix 1)
- Value for Money Targets and Savings Plan 2016-17 (Appendix 2)

We have identified the following ambitions to ensure sustained delivery of VFM:

- Reduce operating costs by a further £250k;
- No properties having a negative NPV;
- Full reviews of outlying arrears cases;
- Review and ensure that the reinvestment of resources support alternative models and options to enable the provision of more homes.

We have a comprehensive approach to risk that aligns with the Business Plan and other key strategies. This ensures we properly evaluate all our strategic and operational risks, their likelihood and potential impact of these risks and the controls that we have in place to effectively manage these risks. Risks are detailed in our strategic and operational risk registers.

We have carried out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and put appropriate mitigation strategies in place as a result to ensure that we remain viable and protect our housing assets, which are summarised below:

Scenario	Details	Average shortfall per year (£000's)	Total 30 year shortfall (£000's)	New Funding Requirements	Mitigants
Continued Austerity	Rent rises at CPI +0% New funding increases 2.0% 200 units lost via RTB RTB's not replaced	£307	£8,668	N/A	Salary freeze Real repair costs 0% £150k p/a extra efficiencies Repay debt
Financial Crisis	Rent rises at CPI flat for 3 years Variable interest rate rise to 7.5% Inflation falls to 1.5% Voids and bad debts to 5.0% Developer insolvency 25% increase in costs	£502	£1,506	£4,808	Salary freeze Real repair costs 0% £150k p/a extra efficiencies Re-profile major repairs
Management Failure	Half of efficiencies delivered Voids double 200 RTB delayed replacement	£249	£6,663	£6,026	Salary freeze Real repair costs 0% £150k p/a extra efficiencies
Perfect Storm	Financial crisis (see above) No real rent increases for rest of plan 200 units lost via RTB RTB replacements cost £10k each more than receipt	£2,534	£68,419	Very large	Reduced service provision? Sale of assets? Redundancies? Merger?

4. UNDERSTANDING AND OPTIMISING THE RETURNS ON OUR ASSETS

PFH ensures that it has a detailed understanding of all its assets in order to manage them as effectively as possible. The organisation's highest value assets are the properties it owns and manages. As a result there will be a need to continually make decisions as to where, when, how and if it should invest in property maintenance.

Return on Assets

PFH's return on asset model allows the organisation to grade its properties both financially and socially and uses the data to drive investment and disinvestment decisions. The model calculates the return on asset by assessing all stock by scheme, identifying those that are not cost efficient in their current use, and which may require reconfiguration or disposal to facilitate the most effective outcome.

By using a return on asset approach, we identify stock that is sustainable and provides long-term VFM, while reducing risk within our portfolio. The model compares the necessary costs to keep the

stock up to standard, against the income from the same properties, over a long-term (30 year) period. This is known as the Net Present Value (NPV). The NPV is then combined with other information on the popularity and performance of schemes to provide an overall assessment of our stock value and return. The result of this process helps determine the most appropriate decision: i.e. to maintain, invest and improve, or to replace our properties. A graphical illustration of our 2016 Return on Asset calculations is shown at Appendix 3.

Strategic disposals and low demand properties

No PFH properties have a negative NPV assessment however, some perform better than others and we have undertaken high level option appraisals as part of our return on investment work. These are where properties underperform in comparison to our other stock on both social and economic factors.

There are 6 small schemes that are subject to option appraisals with options being: to maintain the asset, invest and improve the asset, remodelling, disposal or demolition and rebuild. Two of these schemes are geographically some distance from the remainder of our stock and the recommendation is to dispose, subject to consideration of our charity deed and assessment of costs involved. Two schemes require remodelling and the decision has been made to evaluate the cost of works. One scheme is recommended in principal to be disposed of due to turnover of voids and the location. One scheme is recommended for demolition and new build subject to detailed review of costs. Detailed costings of recommended options are being prepared ahead of final Board decisions.

Strategic Asset Management Strategy

To effectively manage this process we maintain and are continually developing:

- An Asset and Liabilities Register - providing clear information on all our assets and obligations;
- An active Asset Management Strategy that supports strategic decisions about the future of stock, which builds on a robust understanding of the return on asset position and the organisation's plans to move forward.

Key to ensuring that VFM informs the Asset Management Strategy is an effective procurement and contract management approach as set out in PFH's Procurement Strategy.

PFH also undertakes regular monitoring to ensure that it is achieving VFM in relation to its assets. This includes:

- Monitoring financial gearing to ensure optimum use of the value in assets;
- Using stock condition surveys and value based investment models to optimise return on assets and approach to investment;
- Review of efficient use of space and land; and
- Effective monitoring and management of voids.

When programming planned maintenance works, return on investment and value for money forms the basis of the delivery models for each programme. Detailed analysis is undertaken where:

- there is a risk of programme overlap;
- economies of scale can be found; and
- under-performing properties can be removed or placed later in the programme while option appraisals are undertaken.
- Repairs data is used to support programming decisions.

We manage our asset database on a continual basis within the organisation with all investment programmes and individual replacement added on an ongoing basis. Data is collated from all Energy Performance certificate surveys and updated as and when the surveys are undertaken. We undertake a rolling programme of 10% of stock condition surveys in addition to the above. We have a Data Management Strategy that underpins this. We are currently mapping out how we will ensure external validation of our stock data following the external validation of our data by Savills in late 2013.

Environmental Sustainability

PFH's Environmental Sustainability Strategy details how we will take a more proactive role in tackling climate change and fuel poverty. We have invested in a number of energy efficiency initiatives including providing cavity wall and loft insulation (often utilising external grants), installing energy efficient 'A' rated gas boilers and installing uPVC double glazing.

We have also considered fuel poverty and climate change as part of our major works programmes and in our previous and planned new build developments, building new homes to Code for Sustainable Homes level 3 and 4. New build developments have featured triple glazing, solar photovoltaic (PV) panels and energy monitoring equipment. We installed photo voltaic panels on our five Housing Plus schemes, four pop-in centres and a further 50 properties built between 2011 and 2013. The higher rate feed in tariff offers benefits for current and future customers and also generates an income for the association. It is expected that installation costs will be paid off in just over a decade of the installation date for 39 of the 59 properties fitted with panels, and the other 20 properties will be paid off in 15 to 20 years (these properties being at a lower feed in tariff rate).

All PFH windows are replaced with Argon filled double glazed units and whenever boiler upgrades are undertaken, heating controls, thermostatic radiator valves are upgraded at the same time.

Service Plus Housing

Our service plus (sheltered housing) offer is subject to a fundamental review. We have participated in a Chartered Institute of Housing Study Group to support our review work. An initial paper was presented to the Board in 2015 however; implementation of any findings has been deferred until the outcome of the Government's review of sheltered and supported housing. This analysed stock type and condition, demand, resident perceptions and costs. To ensure that we are best placed to make a decision in the near future we have commissioned Craig Gillie consultants to undertake research into national and local market demand for older persons housing, exploring various types and tenures and the links to the health and social care agendas.

Stock investment

We have a detailed understanding of our assets. Our highest value assets are the properties we own and manage. As a result there is a need to continually make decisions as to where, when and how we should invest in property maintenance. Conclusions from separate stock condition and stock valuation surveys in 2013 are set out in our Business Plan and highlight that:

- Properties have benefited from sustained investment with no properties being non decent, with the exception of two original Almshouses where we have unsuccessfully sought to decant very frail residents and improve their home to the standard we would like it to be for them;
- Resources have been applied effectively and in the right areas and properties have been maintained in good order having regard to their age, use and construction;

- Purpose built properties are of an age where major component replacements are starting to prove necessary and there is a continuing commitment in this respect in coming years;
- Providing adequate routine maintenance is undertaken, the properties have a remaining economic life in excess of 30 years;
- Properties reflect specialist accommodation for which there will be a limited (if growing) demand in the city. However, the overall quality of properties means there should remain strong demand for it.

We had the existing use social housing value of our properties appraised in 2013 at £54m compared to £30m in 1997. Updated valuations are currently being undertaken to support our re-financing work, and on completion, our asset and liabilities register will be updated accordingly.

Procurement

We have a 5 year forward plan for procurement which maps out our approach to ensuring all works are tendered to maximise value for money based upon a structured approach of analysis of optimum savings return.

Savings gained from recent procurement include:

- Gas Servicing, tendered on a 2 year plus 2 x 1 year extensions, currently achieving £80K saving per annum against previous cost.
- Grounds Maintenance, tendered on a 3 year plus 1 year, plus 1 year, currently saving £42,300 per annum for residents as a reduced service charge. Additional shrub prune to all sites in the summer was included in the specification too.
- Replacement window and door contract, procured for 8 years. Savings against Savill's replacement plan whilst maintain high quality specification products were achieved of £907K over the 8 years, including upgrade to previous contracts in that an additional resident liaison officer is employed as part of the contract.
- Revised Cyclical Painting programme due to change of specification of paint products that offer a better lifecycle. 26 year forward plan devised that will achieve £769K over those 26 years (based upon previous tenders received)
- Cyclical Painting Contract recently tendered for a 5 year, plus 2, plus 1 which has achieved a 30% saving against previous spend, i.e. £157K. Upgraded contract specification is also the inclusion of a resident liaison officer to be employed as part of the contract for both contractors.

We have commenced our repairs & maintenance voids and adaptations procurement on a longer term contract and a minimum of 10% savings are expected.

Development strategy and new homes provision

The Development Strategy is geared to meeting the objectives set out in the Business Plan, with particular emphasis both on upholding the quality of accommodation and achieving rents which are affordable for those people whom it sets out to house. It recognises that "developments" which are to meet PFH's objectives consist of a range of initiatives, both revenue and capital based. PFH has 2 pipeline new build schemes, totalling 124 units. Other new business initiatives linked to our health

and wellbeing objectives will be devised within the organisation's emerging Health and Wellbeing Strategy.

PFH is committed, where possible, to providing homes for rent at a level affordable by those people whom it sets out to house. Proposed capital development schemes will be assessed against the organisation's published Rent Policy and their affordability to prospective residents. In addition, PFH will consider shared home ownership and outright sales initiatives if the Charity's legal structures allow, and the proceeds can be used to support our main charitable activities.

When new development schemes are appraised scheme viability is measured, and we seek to ensure that any borrowing to deliver schemes can be repaid from rental income over a maximum 40 year term. The assumptions included for modelling are reviewed and approved by the Board on an annual basis.

Key Assumptions -

Long term Interest rate	5.00%
Cost of Capital	5.00%
CPI	1.75% (2017-18) then 2.0%
Future rent increases	-1% (2017-18 to 2019-20) then CPI
Housing management costs	£500 per unit per year + (CPI+0.5%)
Responsive repairs	£400 per unit per year + (CPI+0.5%)
Planned maintenance	£250 per unit per year + (CPI+0.5%)
Major repairs	£500 per unit after Year 5 + (CPI + 1.0%)
Long term Void and bad debt loss	1.2% and 1.1% (respectively)

5. SOCIAL RETURN ON ASSETS

We aim to measure the social value of our activities to demonstrate performance improvement and outcomes achieved from the allocation of resources. The key strands where monitoring of social impact will be critical are identified as follows:

- Demonstrating to stakeholders the value and outcomes achieved through the application of resources received;
- Seeking out maximum value from the PFH's procurement activities to maximise social value through purchasing and supply chain management;
- Building capacity and creating employment opportunities both directly and through partnership working for our customers, and particularly those within excluded and vulnerable groups; and
- Providing direct support to residents, including welfare and other financial advice / sign-posting, digital training and personal development.

To quantify the social value PFH provides we use the Housing Association Charitable Trust (HACT) Value Calculator applying the values in their Social Value Bank to quantify our investment. The table below highlights our calculated social value:

Area	Officer and Other Time Costs Per Year	HACT Social Value Calculation Per Year	Social Value per £1 invested 2015/16	Social Value per £1 invested 2014/15
Christopher Pickering Lodge	£5,860	£18,596	£3.17	£6.52
Humber View	£9,360	£26,967	£2.88	£4.65
Malin Lodge	£4,970	£13,606	£2.74	£11.96
Broadway Manor	£4,585	£28,806	£6.28	£5.56
Ada Holmes Circle	£2,880	£9,407	£3.27	£2.92
Pop In Centres	£17,675	£41,350	£2.34	£6.94
Generic Activities	£1,440	£5,765	£4.00	£13.60
Trips and Events	£7,200	£11,236	£1.56	£2.08
Totals	£53,970	£155,733	£2.89	£5.49

There has been a reduction in the total number of activities taking place at Service Plus schemes especially in relation to activities previously provided in 2014/15 which provide social value to our residents. However we have secured a range of external support and funding which has supported building our capacity through inward investment.

During summer 2015 a number of consultation events were held at our Sheltered Schemes in partnership with Community Health Care Partnership in which 9 out of 85 participants highlighted that they wished to engage in more healthy living/exercise classes within the Sheltered Schemes. Following this PFH successfully submitted a funding bid to Efficiency North in November 2015 which enabled us to train up our Scheme Managers to deliver exercise classes directly to the residents. Training was completed by end of March 2016 with expected numbers of 8-10 residents engaging in the weekly sessions at each scheme.

Work was also undertaken in 2015 to strength relationships between other local charities and the local Age UK to bring befriending schemes and IT lessons to the residents in their communal areas which will help tackle loneliness and Isolation, and increase digital inclusion.

In April 2016 the role of Service Plus Manager was reviewed, and from this more focus is given to our Sheltered Schemes and Pop-Ins to enhance and assist in the number of activities that are currently on offer and work with the residents, whilst developing a stronger strategy for the use of our communal spaces.

During the year PFH employed a Health and Wellbeing Manager and is now reviewing its Service Plus Schemes and Pop In Centres to ensure it maximises their use and therefore the social value of its valuable communal resources. It is currently working to provide a range of activities that meet the needs wants and desires of residents based on customer insight it has. Some of our health and wellbeing activities with links to added social value include:

- **Movement to music/Fitsteps** – Free session to reduce social isolation, keeps people fitter and encourages movement which will help with mobility/ flexibility and independence. Its aims are: long term reduced Doctors' appointments made, hospitals admissions, fall reductions, better mental health and general feel good factor so better mental and physical wellbeing therefore less usage of the NHS services and fewer admissions.
- **Trips** - provides opportunity to travel further afield and enjoy the company of others. Supports residents on low income to get out and about and if they live alone provide them with a social event, which will reduce isolation and loneliness and can help reduce impact on health services.
- **Allotments** - residents lead on this and maintain the space provided. Keen gardeners grow their own food, which in turn provides healthy eating, and activity.
- **Craft groups** – self managed groups driven by the residents. Social setting and opportunity for residents to show their skills and creativity and reminisce on crafts they experienced as youngsters and show their talents. This activity only requires a small amount of staff cost and the provision of communal space.
- **Partnership working with Inspire communities working on the IT programme.** This provides the opportunity for residents to gain confidence in using new technology and to improve their IT knowledge and skills using computers, I-pads and smartphones. This activity also provides support with on-line shopping, keeping in touch with family and friends and searching for the best energy supply deals. There is no cost and is a partnership approach with voluntary sector organisations providing positive skills and development training for residents.

As part of our procurement of grounds maintenance, windows and doors replacement contract and our cyclical painting programme we have gained additional social value activities and returns:

- Contractor-run apprenticeship schemes
- Investment in local community projects
- Donation of paint to projects/charities.
- Provision of portals to enable monitoring of projects
- Provision of all KPI reports
- Work experience placement programmes and training placements from Princes Trust
- Engagement with volunteer resident inspectors to undertake sample quality surveys
- Employment of local labour
- Resident and PFH representatives invited to painting academy (new products, testing durability etc.)

6. MEASURING AND COMPARING PERFORMANCE

Benchmarked financial performance against Global Accounts

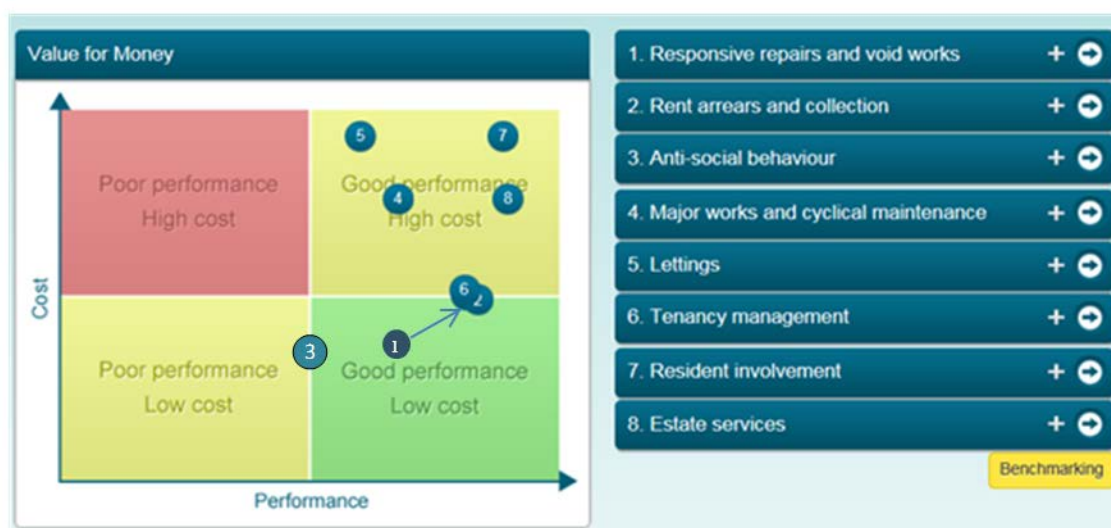
In June 2016 in the HCA's *"Delivering better value for money: Understanding differences in unit costs"* publication, The HCA highlighted their concern around the wide variation between providers in headline costs taken from an analysis of global accounts for 2014/15.

Having considered this data (see table below), the Charity has undertaken a comparison exercise for 2015-16 and is pleased to report that costs per unit have reduced in all areas with the exception of service cost per unit. The primary reason for the increase in service cost per unit is due to the introduction of an enhanced responsive call service for all of our residents – OKEachDay.

		Headline Social Housing Cost per Unit (£K)	Management Cost per Unit (£K)	Service Cost Per Unit (£K)	Maintenance Cost per Unit (£K)	Major Repairs Cost per Unit (£K)	Other Social Housing Costs per Unit (£K)
PFH	2015-16	4.29	1.35	0.97	0.97	0.89	0.10
	2014-15	4.29	1.37	0.81	1.08	0.91	0.12
SECTOR	Upper Quartile 2014-15	4.30	1.27	0.61	1.18	1.13	0.41
	Median 2014-15	3.55	0.95	0.36	0.98	0.80	0.20
	Lower Quartile 2014-15	3.19	0.70	0.23	0.81	0.53	0.08

Comparison Group benchmarking

PFH carries out benchmark analysis against 28 registered providers delivering similar services (see Appendix 4 for list of comparators) .This enables us to assess VFM by comparing core services against cost and performance. The graph below shows where our services sit in terms of HouseMark’s cost, quality and satisfaction dashboard for 2015/16 compared against other providers in our benchmark group.



For 2015-16, all the services provided by the Charity were described as “good” using the HouseMark quality and satisfaction methodology. Five service areas were considered “good” but with “high costs”. The availability of detailed cost, quality and satisfaction data allows us to explore in more detail how the total cost per property of providing each service is composed, and the impact that the three key cost drivers (pay costs, non-pay costs and overheads) have on service delivery. As the Charity strives to achieve its key goals and objectives, the cost drivers will differ within each of the service delivery areas. High costs and good performing services should therefore not necessarily be perceived as problematic.

The tables below show our costs and performance and resident satisfaction results for 2015/16, together with data for the previous four years against our HouseMark benchmarking comparators.

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM?
Cost of Responsive Repairs and Void Works per property per year	£819	£741	£715	£830	£772	£789	Having cost effective repairs and maintenance services is our resident's number one priority. The amount of money the association spend on all aspects of repairs and maintenance in 2015/16 was £1.43m which is 25% of the total money it spends each year.
Cost of Responsive Repairs and Void Works (Management) per property per year	£269	£232	£208	£267	£273	£229	
Percentage of responsive repairs completed in target time	95.6%	93.9%	92.6%	93.8%	93.7%		
Average number of calendar days taken to complete responsive repairs			6.9 days	5.9 days	5.9 days	6.8 days	
Percentage of residents satisfied or very satisfied with how the association deals with repairs and maintenance	97.3%	97.3%	97.3%	93.7%	94.9%	81.6%	
Cost of Major Works and Cyclical Maintenance per property per year	£1,302	£1,313	£1,438	£1,478	£1,351	£1,139	
Cost of Major Works and Cyclical Maintenance (Management) per property per year	£77	£73	£86	£49	£139	£136	
Percentage of Properties that were non decent at the year end	0%	0%	0%	0%	0%	0%	
Percentage of residents satisfied or very satisfied with the overall quality of their home	95.8%	95.8%	95.8%	92.8%	94.1%	87.7%	
Total Maintenance Costs Per Property Per Year	£2,121	£2,054	£2,153	£2,308	£2,123	£1,928	
Total Maintenance Costs (Management) Per Property Per Year	£346	£305	£294	£316	£412	£365	

Maintenance costs are driven primarily by the repair and maintenance needs of our properties which are seen in the fluctuation of cost per property per year figures. This means that our costs are higher in comparison to those we benchmark against. We average approximately 3 repairs per year per property, but to test VFM and gain efficiencies we are re-procuring day to day repairs and void services in 2016/17 with an anticipated target of 10% savings in year 1 and greater savings on management costs - as we will establish more efficient contractual working practices. We brought forward planned spending programmes to renew ageing windows and doors to support resident requests and provide greater cost efficiency. We

have re-procured and achieved savings in cyclical gas servicing and re-painting programmes. We are restating our repairs policy and homes standard alongside consulting with residents for Board to consider in September to either maintain or lower our current exceptionally high standards of property maintenance.

We have undertaken a review of customer feedback regarding repairs and maintenance services and held a contractor workshop to explain what our customers like and do not like about the service. Contractors have followed up with training for their operatives. We share our customer insight data with contractors to ensure our resident's needs are met. Examples include allowing long enough for residents to get to the door, liaising with carers or relatives, moving furniture or refitting customer's blinds, curtains etc. after repairs are completed. Contractors are also aware of the signposting arrangements if they have any concerns over the welfare of our residents. We also have some residents with dementia and we have working practices that are specific to them including "pop-up information" on our computer systems to alert staff of these, e.g. one of our resident's rings regularly for lost keys but these are kept on a pink string in her handbag.

All repairs contractors' performance information is collected and shared every month. All contractors can review their performance alongside their peers and performance has significantly improved since April 2016 with all KPI targets now being met.

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM?
Cost of Rent Arrears and Collection per property per year	£99	£87	£88	£103	£155	£166	Collecting rent, service charges and arrears is a key performance indicator. The association is reliant on rents and service charges for the bulk of its income.
Percentage of rent collected as a percentage of rent due	94.4%	95.5%	108.7%	100.9%	100.64%	100.2%	
Rent arrears of Current residents as a percentage of rent due	5.4%	8.9%	0.7%	0.6%	0.37%	3.45%	
Rent arrears of Former residents as a percentage of rent due	0.3%	0.7%	0.4%	0.4%	0.12%	0.77%	

Rent and arrears collection rates and current and former tenant arrears all show improved performance and are substantially below the median compared to those we benchmark against. We have generally shown year on year improvement in terms of performance, however our costs have increased in 2015/16 on the back of structural changes and more emphasis being placed on income management. We will seek to reduce operational costs in this area over the next year as we have focused on tackling a backlog of cases in 2015/16 and improved monitoring and reporting. Outcomes from this work to date have included:

- As at 31/5/15 the number of arrears cases totalled 348 (their value being £43,383). At 29/5/16 the number of arrears cases was 191, their value was £20,493.

- Between May 2015 and May 2016 total arrears levels have reduced to less than half of the original value.
- Of the 191 arrears cases reported during May 2016, 12 were over £440.01 in value and therefore categorised as High Level. Of the 12 high level cases: 5 have agreements in place, 4 have since cleared through Housing Benefit, 3 pay monthly and have since cleared their balances.

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM?
Cost of Anti-Social Behaviour per property per year	£22	£20	£19	£17	£39	£64	Anti-social behaviour can have a debilitating effect of the victim and the neighbourhood so dealing with it efficiently and effectively is an important issue for customers
Percentage of residents satisfied or very satisfied with how the association deals with Anti-Social Behaviour				86.4%			
Percentage of ASB cases responded to in time				70.0%			

Our costs of managing anti-social behaviour per property doubled between 2014/15 and 2015/16, but still fall below median levels. We recognise that our renewed approach to ASB which includes a new policy and procedure and revised reporting and management arrangements has increased our costs in this area. Levels of reporting as a result of more clearly defined policy has substantially increased the number of cases identified. 56 ASB cases have been reported and actioned in 2015/16, compared to 35 in 2014/15. Relationships have been established with some local policing teams, the ASB teams and Environmental Health department to support us in providing practical and sustainable solutions for our residents and communities. We use ASB feedback as a learning tool; for example issues reported around car parking and other ASB issues are considered when drawing up plans for new build developments.

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM?
Cost of Lettings per property per year	£87	£77	£96	£98	£142	£95	The association has an extensive waiting list and turning around empty properties in an efficient and timely manner is key to minimising rent loss.
Average relet time in calendar days	10.3 days	11.6 days	18.5 days	17.2 days	21.1 days	16.1 days	
Percentage of rent lost due to empty properties	0.6%	0.6%	0.7%	0.6%	0.55%	0.6%	
Percentage of residents satisfied or very satisfied with the allocations and letting process		98.0%	97%	94%	97%	N/A	
Percentage of residents satisfied or very satisfied with the standard and condition of the new property		96.0%	95%	92%	98%		

The cost per property per year for lettings has risen. PFH has identified that there are fluctuations in the patterns of lettings with Service Plus schemes and with one bedroomed flats and bungalows being less popular than in previous years.

A major review of the association's allocations and letting policy and procedures has been completed in 2016. A review of our Service Plus offer is pending the outcome of the national Sheltered Housing Funding Review.

We have recently reviewed our void relet service and changed our processes to undertake a much larger pre-void inspection, allowing contractors to forward plan resources for when voids commence. Contractor KPIs have also been introduced to manage "completions on time" and "defect free" on handover. All KPIs are shared with contractors so each can see their performance alongside their peers. This has had a significant improvement on performance and allows us to minimise waste in the system. We now hold quarterly workshops with our contractors to discuss performance and expectations. We have introduced "any day" licence commencement to maximise rental income and allows the resident to have keys sooner. We have changed our application process so shortlisting, assessment and offer stages are more efficient (as at April 2015, 57.1% of offers were refused and 42.9% were let on first offer. As at April 2016, 32.1% of offers were refused with 72.8% being accepted on first offer).

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM?
Cost of Resident Involvement per property per year	£217	£193	£195	£213	£182	£104	Satisfaction with resident involvement is a perceived measure of good service as residents are perceived to be satisfied with the services provided as they do not need to get involved to improve services
Percentage of residents who are satisfied or very satisfied that their views are listened to and acted upon	91.2%	91.2%	91.2%	85.0%	85.0%	73.4%	
Percentage of residents who are satisfied or very satisfied with how good the association keeps them informed about things that might affect them as a resident	97.3%	97.3%	97.3%	95.3%	95.3%		

We have historically high costs for resident involvement; this is understood by the Board and is key to our mission and goals and in particular the health and wellbeing of our customers who are all older persons. However, efficiencies are sought and we reviewed our Resident Involvement Strategy in 2015/16. Satisfaction levels have dropped despite extensive consultation on services such as tenant involvement, grounds maintenance and policy reviews and we will need to investigate this across all service areas affected. This is an area of cost that we will aim to scrutinise and review as part of our 3 year plan.

The members of our Resident Led Scrutiny Panel have also been involved in our larger procurement projects, e.g. grounds maintenance and cyclical painting tenders. They have been active members of the scoring process, focussing on the resident engagement and social value sections. Our Panel have covered 3 areas of scrutiny.

We are currently evaluating social activities with different groupings so that we can see which areas work including undertaking comparative surveys in these areas so that we can see the benefits from initial take up to 6 weeks / 12 weeks etc.

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM
Cost of Tenancy Management per property per year	£177	£155	£152	£164	£129	£150	Successfully managing tenancies will help to reduce tenancy turnover and increase resident satisfaction
Percentage of residents who are satisfied or very satisfied with the overall service provided	98.5%	98.5%	98.5%	96.7%	96.7%	88.0%	

Resident satisfaction is exceptionally high. There has been a fall in tenancy management costs per property per year which has been offset by a rise in cost per property per year for rent arrears, lettings and ASB which are all functions undertaken by generic area coordinators. We will assess the team's work to seek to identify areas of efficiency.

We have changed our staffing structure to introduce four area coordinators who each have defined 'patch' areas, thus increasing responsibility and ownership. Arrears have reduced by £22,890 between May 2015 and May 2016 following introduction of new policy and procedural changes. We have obtained grant funding via Disabled Facilities Grants (supported by our own budget) to provide adaptations to existing residents, enabling them to remain living independently in their homes for longer (No. of DFG major works carried out 2015/16 = 31).

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	HouseMark Median 2015/16	Why VFM
Cost of Housing Management per property per year (Overall)	£602	£531	£548	£596	£647	£612	Reducing our service costs whilst not affecting resident satisfaction or performance gives more for less money

Indicator	PFH 2011/12	PFH 2012/13	PFH 2013/14	PFH 2014/15	PFH 2015/16	HouseMark Median 2015/16	Why VFM
Cost of Estate Services per property per year	£281	£279	£264	£261	£279	£183	Providing attractive neighbourhoods were people want to live sustains tenancies and fosters community cohesion
Percentage of residents satisfied or very satisfied with their neighbourhood as a place to live	97.0%	97.0%	97.0%	93.7%	93.7%	87.9%	
Percentage of residents satisfied or very satisfied with how the association deals with grounds maintenance	88.2%	88.2%	88.2%	79.4%	79.4%		

Our main cost driver in this area is the provision of grounds maintenance and an individual garden maintenance service to residents which is paid for by residents. Due to re-procurement, services costs in this area have significantly reduced. Residents were keen to have an improved grounds maintenance service and specifically requested the collection of grass cuttings and that shrubs be trimmed three times a year instead of two. These requests were included in the procurement process and not only did we manage to achieve these requirements, but were also able to obtain a saving of £42,300 for our residents against their service charges.

Other key performance indicators

PFH's performance scorecard contains a range of financial health indicators that demonstrate as at 31 March 2016. We achieved our targets as follows:

Business Plan Goals	Performance Indicator	2014/15 Outturn	2015/16 Target	Apr 15 – June 15	Apr 15 – Sept 15	Apr 15 – Dec 15	Apr 15 – Mar 16
1 to 6	Adjusted Net leverage / Gearing	8.76%	< 7.77%	8.35%	7.34%	6.42%	5.46%
1 to 6	Operating Margin	18.90%	> 24.34%	8.13%	16.11%	22.36%	21.24%
1 to 6	Interest Cover	21.99	> 13.5	11.50	15.45	19.47	20.24
1 to 6	Weighted Average Cost of Borrowing	1.30%	< 2.42%	1.92%	1.92%	1.91%	1.83%
1 to 6	% of Identified Cost Savings achieved (2015-16)	N/A	100% By year end		100%	100%	100%

7. VFM ACHIEVEMENTS AND FUTURE PLANS

In last year's statement we reported the achievement of £116k in ongoing efficiencies embedded in the 2014/15 budget.

For 2015/16 as part of our financial stress testing and mitigation plans, PFH has set out a 3 year efficiency plan:

Efficiency Savings	2015/16	2016/17	2017/18	2018/19	Later years
Management Costs	£ 111,000	£ 140,000	£ 150,000	£ 150,000	£ 150,000
Maintenance Costs	£ 21,000	£ 60,000	£ 100,000	£ 150,000	£ 175,000
Total	£ 132,000	£ 200,000	£ 250,000	£ 300,000	£ 325,000

Achieved Savings	> £ 132,000				
Planned savings		£ 68,000	£ 50,000	£ 50,000	£ 25,000

PFH exceeded its aim of achieving £132k in recurring operational efficiency savings (2015/16) but these were not all within targeted areas. The focus of our efficiency plans for 2016/17 is on areas that we have identified as internally inefficient, and where we see lowest detrimental impact to delivering services to residents and achieving our business objectives.

A summary of performance against our plans for 2015/16 is attached at Appendix 1. In addition to these plans we achieved the following additional outcomes:

- generated a surplus of £1,470,818 which was £213,271 more than the expected surplus from our budget revision for 2015/16. This was due to a combination of further savings achieved and some key expenditure areas being pushed back to 2016/17:
 - Employee costs (£119k) – certain aspects of the planned staff restructure / review for 2015/16 were either postponed or delayed.
 - Cyclical Expenditure: Void Properties (£53k) – level of void properties dropped in 2015/16.
 - Annual Maintenance Agreements (£34k) – Entered into new, competitive arrangements for our gas servicing contract, inspections, PAT Testing works, PIV replacements and asbestos management programme.
 - Training expenses (£17k) – the planned Leadership and Development Programme was pushed back to 2016/17.
 - Printing and Stationery (£16k) – we revised and rethought several aspects of the budget as the year progressed. We were able to negotiate full sponsorship on the production of our annual calendar to residents. We ensured combination of high-volume postage items to achieve fulfilment savings. Rebrand of payment cards pushed back to 2016/17.
 - IT (£16k) – Savings made within value reviews, successful renegotiating of contracts and holding back on proposed purchasing of Tablet devices for schemes.
- Installed energy efficient lighting at a service plus scheme which will reduce electricity bills by around 30%
- Earned £60,817 income from our investments
- Introduced performance indicators for repair jobs completed right first time
- Appointed an apprentice (supported by external funding of £1,500 to replace a leaving member of staff
- Introduced an added value Housing Proactive service from May 2015 providing assistive digital wellbeing technology to our non-sheltered homes.
- Saved staff time and software licence cost through outsourcing of our payroll function.
- Re-procurement of gas and electricity communal services has created savings of £30K over two years.

2016/17 VFM and efficiency gains

Our VFM targets and plans for 2016/17 are attached at Appendix 2.

Key projects include:

- The re-procurement of responsive repairs and maintenance services to attract savings of no less than 10%.
- Reducing unproductive calls to our customer support team, particularly in relation to repairs appointments and call backs.
- Driving the voids review process following its review to reduce relet times to 14 days at a cost saving of £113 per property.
- Develop a strategic approach to health and wellbeing which consistently supports and measures our social value achievements;
- Effecting efficiencies and increased social value within our involvement and activities programmes.

- Efficiency savings against initial budget costs in relation to development pipeline schemes.
- Assessment and comparison work in relation to direct housing management costs

8. HOW WE UTILISE VFM AND EFFICIENCY GAINS

We utilise VFM and efficiency gains for three main purposes:

- To ensure that we maintain a strong and financially viable long term business plan;
- To invest in service areas that have been identified as being a high strategic priority; either to enhance or improve those services or to manage the risks presented by challenges such as rent capping and welfare reforms, and
- To invest in the provision of new homes for older people

The financial impact of recent rent and welfare policy change is significant upon PFH; we have therefore sought to quantify the impact of a number of scenarios within our business plan stress testing work, and as described above have identified a number of mitigating actions to manage the risk. Should the organisation be affected by rent reductions and benefit caps from 2017 there is likely to be limited scope in the short to medium term to utilise efficiencies for any other purpose than to maintain financial viability and protect our existing assets. That said, we shall endeavour to continue with our social investment and support to our area's strategic housing plans wherever possible to do so.

Performance Against Our Plans in 2015/16

VFM and Governance		
Action	Response	Notes
Review the VFM Strategy to ensure it is up to date on the latest VFM thinking	Completed and endorsed by the Board in July 2016	The strategy sets out the key actions that we will pursue to ensure the delivery of VFM
Develop a new VFM Annual Self-Assessment, VFM Action Plan and VFM Performance Indicators to ensure that progress is made in delivering VFM as part of the associations VFM journey	Completed and endorsed by the Board in July 2016	The Self-Assessment is the way we communicate with our stakeholders to show we are and will continue to deliver VFM
Carry out Stress Testing to understand and mitigate the effect of major stresses to the association	Completed presented to the Board in October 2015	We have a greater understanding of our key risks and what we would need to mitigate them in the event that the risks become real
Continue to support the work of the Resident Led Scrutiny Panel (RLSP) to ensure residents views and recommendations are considered and implemented to improve service delivery	Completed all recommendations accepted by the Board in November 2015	Recommendations made by the RLSP are based on customer intelligence and will lead to an improved service for residents
Develop a new suite of VFM Performance Indicators for monthly monitoring to ensure that cashable and efficiency savings are captured through different ways of working	Completed and endorsed by the Board in February 2016	The VFM Performance Indicators allow us to understand how our activities and targets translate into one off and ongoing cashable and non-cash savings as part of our approach to VFM
Seek to further reduce overall operating costs to maximise surplus for reinvestment	Savings target of £132k was achieved	This saving was achieved through a detailed analysis of all budgets with the minimum or no impact upon residents
Surplus and Management of Assets		
Action	Response	Notes
Reprocure day to day repairs and maintenance services via procurement club arrangements to ensure that capacity is added to the organisation and savings of 10% can be made during the life of the contract	Re-planned for review in 2016/17	Other procurement projects have taken a priority during the year and as a result we have rescheduled this review
Reprocure grounds maintenance service via procurement club arrangements to ensure that capacity is added to the organisation	Completed in 2015/16, new contract started 1 st April 2016	Annual savings of £42k per annum are expected to be generated
Build the requirements of the Social Value Act 2012 into all contracts to ensure that the association gets and report on added value initiatives resulting from the contracts	Ongoing annually	Social value is built into the procurement arrangements for all major areas.
Revisit the associations approach to Annual Maintenance Agreements to ensure it offers VFM and maximised the benefits of contracting over the longer term with contractors with predicted yearly volumes to reduce the need to contract on an annual basis, this could lead to savings of 10% each year during the lifetime of longer maintenance agreements	Ongoing annually	The painting programme has been revisited to save on average £26,571 per year over 26 years before reprocurement.

Create and implement a Development Strategy to ensure that the association is able to grow through the delivery of the right product in the right areas	Completed. Approved by Board in May 2015 and reviewed May 2016	The Development Strategy describes our approach to growing the organisation
Implement the Asset Management and Development Strategies to ensure that information the association has on the need of and demand for its properties is leading to the right actions taking place	Ongoing	All future programmes will be based on the needs identified in the asset management data base and the outputs from return on investment modelling
Appoint a Development Agent to manage the associations new build programme to ensure the association adds expert help to allow it to develop 94 homes by 2018 partly using Homes and Community agency funding	Completed	We are using Hull City Council as our Development Agents following a tendering process
Appoint a development partner to construct the 94 new homes by 2018 to ensure that the association can build 94 properties to the specifications that meet future customer's needs	Part completed	Completed for West Hull development, East Hull partner to be approved at July 2016 Board meeting
Review the associations Housing Plus housing offer to ensure it remains relevant for current and attracts future customers	Completed. Approved by the Board in May 2015	Ongoing for completion in 2016. Due to changes in policy such as local housing allowance reforms we are carrying our further consultation to assess demand and market requirements for this type of accommodation
Undertake a full review of how the association allocates and lets properties and who it allows onto its waiting list to ensure that it can allocate properties quickly and to the first applicant more often and ensuring that it gives potential customers a better understanding on when and if there housing needs can be met	Completed and approved by Residents Committee in June 2016, to present to Board in September 2016	We have changed our process in relation to accepting people onto our waiting list, making the process more tailored to individual needs. As a result when we offer a property it is more likely to accept by the first person we offer it to more of the time.
Review the associations approach to current, former customer arrears and write offs to ensure they are fair, transparent and inclusive processes and help the association to maximise income by minimising debt	Completed and approved by the Board in October 2015	Performance has improved and has led to significant reductions in arrears balances
Improve on the progress made on managing sickness absence to ensure maximum attendance through supporting staff so that they can deliver all the services the association delivers without the need to employ temporary (agency) staff	Completed	Performance has improved from 10.4 days at the end of 2014/15 to 5.88 days at the end of 2015/16
Let out the remaining vacant office space of Silvester House for up to £13,000 per annum to ensure that the association looks to maximise all its current revenue streams	Completed	An extra £5,250 was generated through letting more office space during the year

Operating Costs Performance and Satisfaction		
Action	Response	Notes
Further develop the associations approach to Performance Management to ensure ownership of performance throughout the association	Completed	Performance Management Framework agreed by Board in February 2016. Performance, training held February 2016.
Use Performance Improvement Plans to ensure that improvements are made by responsible officers and agreed by the SMT	Ongoing	Three plans in force at March 2016/17 and will remain in force until performance improves
Assess the detailed outputs from the Resident Satisfaction Survey and Cost Benchmarking generally and as part of service review and improvement activities	Completed and ongoing annually. Reported to Board in July 2015	Cost Benchmarking completed for 2015/16 used in VFM Annual Self-Assessment
Undertake cost, satisfaction and performance benchmarking to ensure the association understands the impact and relationship of cost, satisfaction and performance to each other, particularly as a result of the workforce review	Completed annually	Cost Benchmarking completed for 2015/16 used in VFM Annual Self-Assessment
Continue the roll out of the associations Contractor Portal to ensure more contractors are able to input real time information into the associations IT systems	Ongoing	Good progress during the year but to also review during responsive repairs reprocurement in 2016-17
Work to introduce a Supplier and Business Portal to ensure that more business can be done online reducing overhead costs	To consider in 2016/17	The portals will no longer be introduced, however our IT supplier has been taken over by a company that provides an alternative product which we will review in 2016/17
Capture the social value of all activities offered by the association	Completed	To review quarterly in 2016/17
Use social value calculations to assess the likely cost and benefits of offering different activities	To progress in 2016/17	The delay is due to a review of resident involvement activities and the part completed Service Plus review

Efficiency Areas	Cash Savings				Notes
	2013-14	2014-15	2015-16	2016-17	
Cash Savings - Recurring Operational Delivery					
Mobile phone contract – Change of provider and billing arrangements	£2,750				Five years from 2013/14
Trustee and Residents Portals – Move from paper meetings to electronic documents / Use of residents Portal to access rent account information	£3,200				Five years from 2013/14. Will increase over time as the Portal is publicised and becomes more functional across areas of the business
Window cleaning – Changing office window cleaner		£420			Five years from 2014/15
Confidential waste and paper disposal – Changing the service provider		£500			Five years from 2014/15
Changing the provider of letter headed paper – To seek other suppliers of letter headed paper at a reduced cost		£450			Five years from 2014/15
Reviewing the iPad contracts – Renegotiate the contract price for I pads (Three)		£3,000			Five years from 2014/15
Reviewing the iPad contracts – Renegotiate the contract price for I pads (EE)				£2,614	For two years from 2016/17
Cleaning materials – Introduced centralised ordering		£500			Five years from 2014/15
Cleaning contract renewal – Changing the providers of cleaning services		£3,000			Five years from 2014/15
Water supply reprocurement – Changing suppliers			£1,000		Five years from 2015/16
Updating the milk delivery order – Changing the amount and delivery pattern of milk			£130		Five years from 2015/16
Providing Wi Fi at Service Plus schemes + online taster sessions – Provision of Wi-Fi at CATII			£500		Five years from 2015/16
Annual Report Printing – Changing the printing provider for the Annual Report			£1,710		Five years from 2015/16
Franking Machine reprocurement – Reprocurement of the provision of a franking machine			£427		Five years from 2015/16
Gas servicing and repairs contract – Reprocurement of the gas servicing and repairs contract			£60,000		Up to three years from 2015/16 (Actuals to come)
Annual Maintenance Agreements – Reprocurement of Annual Maintenance Agreements			£6,000		Reviewed on an annual basis
Disabled Facilities Grants – Accessing funding streams to pay for adaptations	£91,577	-£25,546	£25,969		Change in DFG claimed shown for years 14-15 and 15-16
Kypera Flagship Site - Reduced training and consultancy costs due to Flagship Status			£4,500		Annually while flagship status is retained
Office Suites – Let of part / all spare office capacity	£0	£6,618	£5,250	£1,680	Increased as more space is let and terms of lease change
Photocopier reprocurement - Reprocurement of the photocopiers			£1,780		Five years from 2015/16
Rent Lost Due to Empty Properties - Reduce the rent lost due to empty properties				£14,144	2016/17 as at 31st May 2016
Direct Debit Payers - Increasing the number using the method of payment			£274	£14	2016/17 as at 31st May 2016
Reducing Current Resident Arrears - Increase arrears collection rates and ensure they do not occur			TBC	-£84	2016/17 as at 31st May 2016
Reducing Former Resident Arrears - Increase arrears collection rates and ensure they do not occur			TBC	£4,882	2016/17 as at 31st May 2016
Reducing Write-offs			TBC	£2,124	2016/17 as at 31st May 2016
Overall budget savings - To reduce operational budgets year on year			£132,000	£68,000	Ongoing budget reductions
TOTAL CASH SAVINGS - RECURRING - IN THE YEAR	£97,527	-£11,058	£107,540	£93,374	
TOTAL CASH SAVINGS - RECURRING - PREVIOUS YEARS	£0	£97,527	£86,469	£194,009	
CUMULATIVE CASH SAVINGS - RECURRING - CARRIED FORWARD (A)	£97,527	£86,469	£194,009	£287,383	

Cash Savings - One-Off	Cash Savings				Notes
	2013-14	2014-15	2015-16	2016-17	
Rechargeable Repairs Policy – Recharge to residents for costs of damage incurred	£551	£697	£1,155		Annual figure
Sponsorship of the PFH Calendar postage – KC provided			£500		One off
Sponsorship of the PFH Calendar printing and packaging			£2,500		One off
Able Communities Investment Fund – Bid for funding to deliver health and well-being sessions at Service Plus schemes			£2,500		One off
Training Grant for work experience staff – Funding from YH Training Services			£1,500		One off
Mercury - Sponsorship of the associations bid for an Finance Award			£200		Video costs / photography
LHC Procurement Rebate (Kitchens / Boiler replacements)	£9,542		£1,773		Rebate received against works costs
Sale of old stock PC's				£300	One off
TOTAL CASH SAVINGS - ONE-OFF (B)	£10,093	£697	£10,128	£300	

TOTAL CASH SAVINGS - RECURRING AND ONE-OFF SAVINGS (A) + (B)	£107,620	£87,166	£204,137	£287,683
---	-----------------	----------------	-----------------	-----------------

Non-Cash Savings - Recurring	Non-Cash Savings				Notes
	2013-14	2014-15	2015-16	2016-17	
Housing Benefit and Kypera – Move from manual to auto report generation	£2,242				Five years from 2013/14
IPad rollout - Move from paper based to electronic working	£1,687				Five years from 2013/14
Invoice Processing - Reducing the number of invoices processed			£17,115	-£945	2016/17 as at 31st May 2016
Sickness Levels - Reducing the average sickness level per person			£132,516	£7,789	2016/17 as at 31st May 2016
Items Scanned - Reducing the number of invoices processed			£2,700	£1,995	2016/17 as at 31st May 2016
TOTAL NON-CASH SAVINGS - IN THE YEAR	£3,929	£0	£152,331	£8,839	
TOTAL NON-CASH SAVINGS - RECURRING - PREVIOUS YEARS	£0	£3,929	£3,929	£156,260	
CUMULATIVE NON-CASH SAVINGS - RECURRING - CARRIED FORWARD (X)	£3,929	£3,929	£156,260	£165,099	

Non-Cash Savings - One-Off	Non-Cash Savings				Notes
	2013-14	2014-15	2015-16	2016-17	
London Housing Consortium - Procurement of works – Savings achieved per statements			£178,000		Efficiency savings relating to the replacement of central heating systems, kitchens, fencing and electrical inspection works 2015-16. The £178,000 is based on not having to undertake lengthy and costly work to develop procurement frameworks - see attached documentation
Northern Housing Consortium - Procurement of works – Savings achieved per statements	£29,830	£24,579	£27,775		
Efficiency North - Procurement of works – Savings achieved per statements			£5,838		Use of framework; Savings off-set against Procure Plus fees
	£29,830	£24,579	£211,613	-	
TOTAL NON CASH SAVINGS - RECURRING AND ONE-OFF (X) + (Y)	£33,759	£28,508	£367,873	£165,099	

VFM Targets and Savings Plan 2016-17

Title	Who	Description	Savings	Notes
Reduce the rent lost due to empty properties as a percentage of rent debit from 0.55% to < = 0.36% of annual rent debit	Paula Kelly	To evaluate the changes to the application and lettings process to establish reductions in unproductive applications, visits and offers	CASH - £13,437	VFM Balanced scorecard indicator
Reduce the number of invoices processed in the year from 6,659 to < = 5,500	Lish Harris	To reduce associated invoice processing costs by consolidating suppliers, invoice arrangements and overall administration.	NON CASH - £17,385	VFM Balanced scorecard indicator
Increase number of documents scanned from 541 (2015/16 outturn) to > = 1,500	Ally King/Kate Marie Crowley	To reduce levels of document handling, filing and document search by increasing use of electronic document storage facilities	NON CASH - £4,795	VFM Balanced scorecard indicator
Increase number of residents paying by direct debit from 64.33% to > = 75% paying by direct debit	Kathryn Walden	To encourage residents to pay charges using most cost effective methods. Direct debit also increases payment certainty above cash payment options	CASH - £598	VFM Balanced scorecard indicator
Reduce current resident arrears as a percentage of annual rent debit from 0.36% (2015/16 outturn) to < = 0.275%	Katie Burton	Continuation of increased focus, active monitoring and proactive management of arrears cases	CASH - £6,180	VFM Balanced scorecard indicator

APPENDIX 2

Reduce former resident arrears as a percentage of annual rent debit from 0.12% to < = 0.1%	Katie Burton	As above. Actions to reduce current arrears will translate to improvements and reduction in former resident arrears.	CASH - £1,567	VFM Balanced scorecard indicator
Reduce the level of rent written off as a percentage of the annual rent debit from 0.34% to < = 0.20%	Katie Burton	As above. Actions to reduce current arrears will translate to improvements and reduction in former resident arrears.	CASH – up to £15,054	VFM Balanced scorecard indicator
Reduce the average staff sickness in days from 5.88 days per person per year to < = 5.5 days	Amanda Whitlam	Continuation of active absence management. Improved attendance culture through effective leadership and management of teams following management development programme	NON CASH - £12,239	VFM Balanced scorecard indicator
Reduce overall budget expenditure by £68,000 (PFH efficiency plan)	Lish Harris	Deliver Year 2 savings identified within efficiency plan to reduce operating costs.	CASH - £68,000	VFM Balanced scorecard indicator
To implement the recommendations from the Empty Property Review	Sharon Brookes and Paula Kelly	It is envisaged that policy and operational changes will significantly reduce the time taken to relet empty properties	CASH - £112 per empty property	VFM Balanced scorecard indicator To reduce the average rent loss per empty property from £333 to £221.
Procurement of the responsive repairs service	Sharon Brookes	The responsive repairs service is to be re-procured, via procurement club arrangements.	CASH – £72,400 per year	A number of factors will affect the likely savings that can be made including the, length of contract,

APPENDIX 2

				enhanced service and the procurement club arrangements. Savings will be based on the quality/price balance that Trustees consider to be appropriate.
Producing Energy Performance Certificates	Andrew Mounsor/ Jay Dobson	To produce certificates in-house avoiding costly external provider costs.	CASH - £9,000 per year	The cost of an EPC from an external surveyor is £60 per unit. PFH has trained two of its Technical Officers to undertake EPC's. The initial investment in training will be recovered through long-term savings achieved by bringing this service in-house.
Replacement programme - boilers	Sharon Brookes	A boiler replacement programme based on the Asset Management Strategy, customer insight information and customers' needs and wants will take place via procurement club arrangements.	CASH – £10,000	Major works savings have been used to carry out improvements to central heating systems at the Jacobs Homes. The total budget in 2016/17 is £184K and work at the Jacobs Homes will cost approximately £10k which has been saved from this budget
Replacement programme - windows and doors	Sharon Brookes	A larger and shorter duration programme to replace all obsolete double glazed windows and doors based on the Asset Management Strategy. Customer insight information and requirements to be analysed; re-procurement through club arrangements.	CASH – £66,000	Major works programmes are currently taking place and an assessment of the anticipated savings on these programmes is based on the likely spend of £542k against a budget of £608k

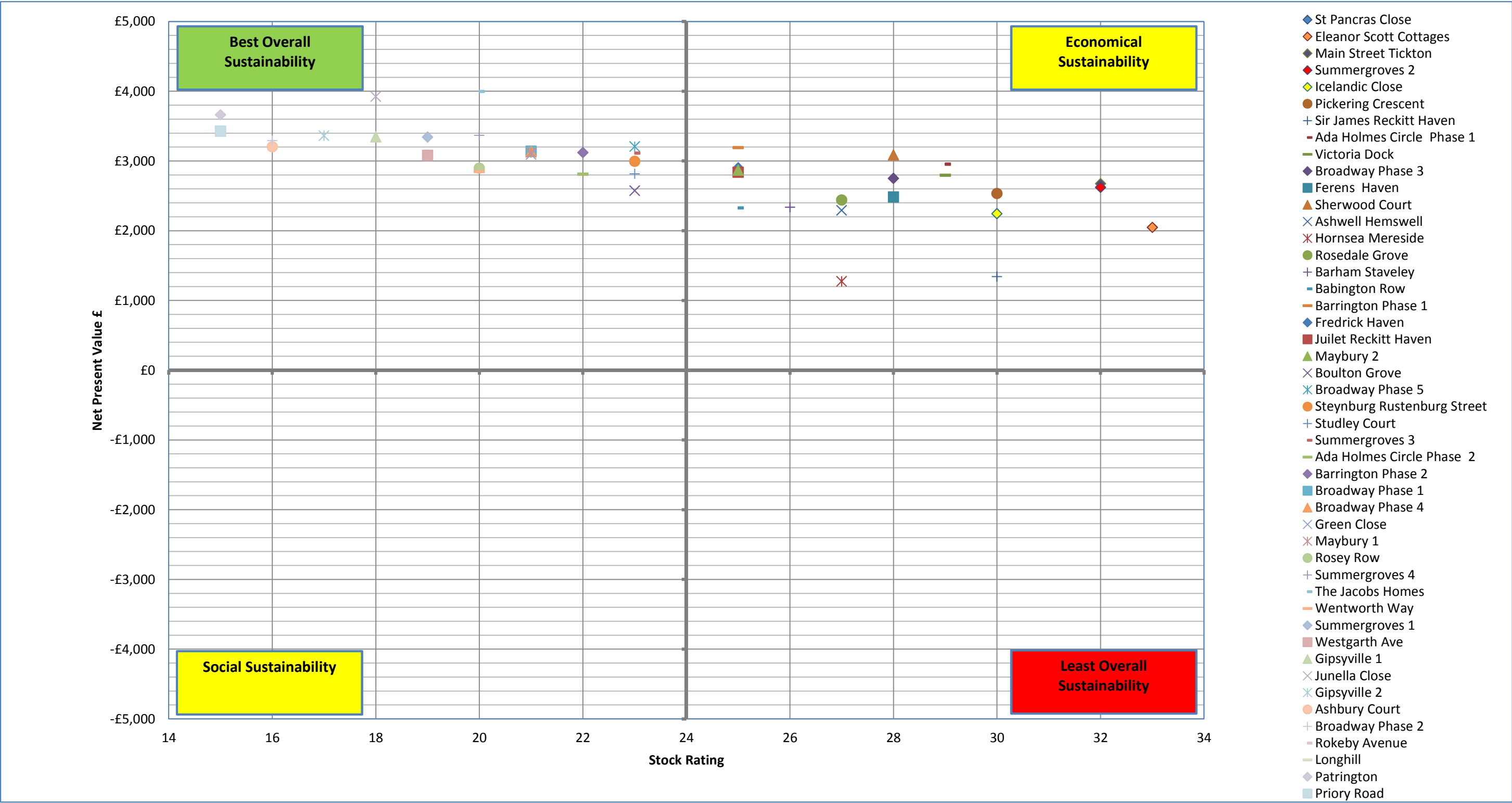
Reviewing Annual Maintenance Agreements (Painting Programme)	Gail Wilson / Anne Wealsby	The association has a number of Annual Maintenance agreements (AMA's). As the association now has a revised long-term repairs programme it will be able to review all AMA's which could be contracted over longer periods, giving better value using procurement club arrangement.	CASH – £29,570	Efficient work scheduling will reduce painting programme costs by an average of £29,570 per year for 26 years.
Energy Savings at Service Plus Schemes	Jo Lewis-Summerfield	The association has installed energy efficient lighting at CPL in a bid to reduce communal energy costs	CASH – To be assessed during the year	The association is piloting a new way of providing communal lighting and will look to roll this out based on a cost / benefit assessment of the savings at CPL and the time taken to recoup the costs of the new lighting.
Re-procure the External Audit Service	Lish Harris	The external audit service is due for reprocurement and it is hoped that cost savings can be made as a result	CASH – £1,660	Reprocurement complete July 2016 savings £2,400
Reduce the total volume of gas used by the association	Jo Lewis-Summerfield	The association is currently capturing the total volume of gas it uses and has set a target to reduce costs by 5% or greater	CASH - £3,217 KWH - 92,352 kWh	The association has both switched its energy provider to receive a better tariff for the gas it uses and is looking to reduce the overall amount of gas used
Reduce the total volume of electricity used by the association	Jo Lewis-Summerfield	The association is currently capturing the total volume of electricity it uses and has set a target to reduce costs by 5% or greater	CASH - £3,552 KWH - 36,172 kWh	PFH has switched its energy provider to receive a better tariff for the electricity it uses and is looking to reduce the overall amount of electricity used

To reduce the associations carbon footprint	Jo Lewis-Summerfield	The association is currently capturing its carbon footprint and has set a target to reduce its carbon footprint by 2% or greater	CO2 REDUCTION – 2% reduction	
Use of insurances	Rob Cressey	The association has insurance in place to mitigate against losses. We need to ensure that we are making effective use of our policies	CASH – Will be dependent on the level of the claim and the excess to be paid	To consider which works to properties are insured for and to ensure that claims are made for appropriate works, generating end savings to repairs expenditure. We are expecting to achieve a low claims rebate of £40k for 2016-17 provided our overall claims for the year do not exceed £100k
Communications and Marketing Contract	Racheal Hoult/ Helen Eayres	Re-tender outsource savings to test VFM, define menu of services and determine outcomes	NON-CASH – Flexibility within new contract. Menu of services that PFH can opt in and out of should financial savings need to be identified.	Re-tender exercise did not offer cost savings but confirmed that current provider costs were highly competitive. Successful tender fixed costs at previous year rates.

Payroll administration	Amanda Whitlam	To reduce payroll administration costs through outsourcing the service to a trusted provider.	CASH - £626 annually	Savings delivered through non-renewal of payroll software licences
Handyperson Service	Sharon Brookes	The Board has provisionally agreed to employ a handyperson to undertake a wide range of small but costly jobs across the association.	CASH – Savings expected on smaller costly jobs if a handyperson service is considered necessary	Recruitment of a Handyperson is on hold pending the re-procurement of the repairs and maintenance service. A business case and the issues surrounding employment of a handyperson will be considered during in 2016-17.
Return on Investment	Sharon Brookes	Strategic appraisals on preferred options identified on 5 lowest performing PFH schemes	Currently being determined through detailed appraisal	Follow up from recommendations approved by Board on 25 July 2016.

VFM Projects identified for inclusion in future half year review or 2017/18 Plan:

- Savings against budgeted development related costs
- Review of tenancy management costs
- Resident involvement costs and outcomes review
- Measuring health and wellbeing activities comprehensively
- Sheltered Housing Review
- Reduction in Customer Support call levels
- Housing Proactive Service Review
- Implementation of the repairs policy and recharge policy within re-procured contractor setting



Housemark List of Benchmark Organisations (RP's up to 2500 homes)

Croydon Churches Housing Association
Railway Housing Association
Inquilab Housing Association
Staffordshire Housing Association
Rockingham Forest Housing Association
Endeavour Housing Association
AKSA Homes
Suffolk Housing Society
Castle Vale Community HA
Seven Locks Housing
Arcon Housing Association
Trident Housing Association
Warrington Housing Association
Nehemiah UCHA
Leeds and Yorkshire Housing Association
Teesdale Housing Association
Magna West Somerset Housing Association
Colne Housing Society
Christian Action Housing
Cambridge Housing Society
Arches Housing
Bournemouth Churches Housing Association
Durham Aged Mineworkers Homes Association
Eastend Homes
Mossbank Homes
Hundred Houses Society
Womens Pioneer Housing
Gateway Housing Association