

## VFM Statement 2014/15

# VFM Statement 14/15

This section summarises the content of the full VFM Statement for 2014/15;

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## 1. Approach to VFM

One of the key themes of Southway's Futures Strategy 2015 – 2020 is 'Well Managed and Financially Viable',

which reflects the following approach to Value ForMoney (VFM):

We will make best use of our resources by being efficient and effective in the way that we do things, by maintaining the Southway standard and making efficient use of the homes we provide and by delivering commercial services that complement our core business. This approach will mean that we can generate a surplus that can be used to help fund our social investment priorities.

We will set and achieve efficiency targets each year to improve our cost, performance and satisfaction levels when compared to the rest of the housing sector and we will comply with the standards set by our Regulator for Value ForMoney.

Southway considers the Value forMoney of its services in the context of performance (see section 2 below), tenant satisfaction (section 3) and costs (sections 4 and 5). Each of these factors is assessed against trends and sector benchmarks.

The results for Property Maintenance (reported in section 6i) and Corporate Overheads (section 7) show significant improvement over the last 5 years. The results for core Housing Management activities including rent collection have not varied noticeably, and are the focus of service reviews and improvement plans which are underway (sections 6ii and 6iii provide details of these actions).

Efficiencies of £598k have been achieved in 2014/15 compared to 2013/14 (summarised in the Global

Efficiency Statement in section 4). These savings are available to fund the development and acquisition of new housing and expand the range of services offered to tenants and the communities of South Manchester. How we manage our assets (section 8) and assess the Social Return on Investment (on Community Investment and Digital Inclusion, sections 9 and 10) are key factors which aid

Southway's decision making processes when determining how to deploy the Trust's resources. Each operational and back office team at Southway reviews the range of its activities and identifies a series of efficiency and VFM actions for the year ahead. Objectives are quantified and are reviewed on a quarterly basis. Efficiency Targets for 2015-2018 have been set by Board to deliver further VFM savings (see section 11). The following tables, charts, case studies and commentary provide evidence to stakeholders as to Southway's achievements and future plans to deliver Value for Money.

## 2. Operational Performance

A summary of operational performance outcomes achieved in 2014/15 are set out below. This includes an assessment of Southway's quartile performance compared to other Registered Providers across the country who submit information to the Housemark benchmarking club. Commentary on the core landlord functions of Repairs, Relets and Rent Collection is included in section 6.

	2013/14 Outcome	2014/15 Target	2014/15 Outcome	2014/15 Quartile
Percentage of Repairs completed at first visit	86.4%	95.0%	92.8%	Q2
Average end-to-end time for all reactive repairs (in days)	4.3	4.3	4.7	Q1
Average Relet time for Minor Voids (in calendar days)	17	16	16	Q1
Void losses as a % of rent	0.5%	0.7%	0.5%	Q1
Average time taken to answer inbound telephone calls (in seconds)	13	19	17	Q2
Percentage of annual rent collected (current tenants)	99.1%	99.1%	99.5%	Q2
Year-end rent arrears (current tenants) as a % of year's rent	8.1%	7.9%	7.8%	Q4

Additional performance achievements in the year to March 2015:

- 100% of response repairs in the emergency and urgent categories delivered on time.
  - 100% of homes remain as Decent Homes
- 99.98% of homes had an up to date gas safety certificate at the end of 2014/15. One property was outstanding due to access issues and was the subject of escalation action to gain access to the premises,

which has now been given.

### **3. Customer Service Standards and Satisfaction**

Southway aspires to the highest standards of customer service. The Trust has devised an 'Everyone Matters' framework for continuous staff and service development. Management focuses on both the speed and quality of responses to customers and has a range of measures to assess both these and the degree of customer satisfaction achieved.

Southway holds an Excellence in Customer Service accreditation. In February 2015 this award was reassessed based on extensive documentary evidence and a site visit audit. The result was very positive with the assessor concluding:

"There were high levels of consistency between the documentary, verbal and observed evidence collected and the assessor was satisfied that Southway Housing Trust continues to meet the full requirements of the Customer Service Excellence Standard".

The renewed accreditation under the Excellence in Customer Service Award scheme, included 8 areas of good practice being recognised for a compliance plus rating. This is an improvement on the last review in

2011 where 6 compliance plus ratings were achieved. (Compliance plus is when specific examples of service delivery are deemed to be innovative and outstanding examples of excellent practice, irrespective of sector.)

A general survey of tenants and residents (STAR) is carried out every two years. The 2014 survey showed an

overall satisfaction rating of 86%, consistent with the 2012 survey.

Detailed below are satisfaction rates achieved in 2014/15 following specialised customer surveys:

	2013/14 Outcome	2014/15 Target	2014/15 Outcome	2015/16 Target
Connect (Customer Service Centre)	95%	95%	95.0%	95%
Repairs Service	98%	98%	98%	98%
Home Improvement Programme	95%	95%	100%	95%
Environmental Programme	98%	95%	98.0%	95%
New tenants satisfied with their home	98%	95%	97%	95%
Grounds maintenance service	96%	95%	98%	97%
Response to ASB complaints	90%	90%	87%	90%

Five of the seven measures achieved their target. The two exceptions which also had lower satisfaction ratings than the prior year were:

- Environment Programme – Satisfaction related to work carried out in the first half of the year at a bungalowsite. The scope of work at the scheme was reduced as a land purchase with an owner occupier to enable additional parking bays could not be agreed.
- Response to ASB Complaints – Whilst satisfaction was slightly below both the target and the previous year's performance, this was based on a relatively small sample of complainants and would still be upper quartile based on 2013/14 benchmarking information.

#### 4. Operating Costs

A review of total operating costs is carried out each year. This is structured as a Global Efficiency Statement

which analyses, relative to inflation, how total spending (excluding major repairs) varies year on year. It

shows the costs pressures on expenditure, the scale of efficiencies which have been made, and what new

activities are carried out for the first time funded from savings. The table below tracks spending in 2014/15

relative to the cost base in the previous year.

#### Global Efficiency Statement

	2014/15 Budget £'000	2014/15 Actual £'000
Operating Cost Base b/f	11,391	11,391
Inflation (3.2% in 2014/15)	365	365
External Cost Pressures	262	259
Other Cost Issues	330	122
<b>Savings and Efficiencies</b>		
Reduction in voids & bad debts	-	(116)
Repairs and maintenance	(293)	(182)
Staff salaries	(218)	(230)
Office accommodation rent, cleaning	(35)	(50)
Printing, postage, stationary	(8)	(20)
	<b>(554)</b>	<b>(598)</b>
Operating cost base before new investment activities	11,794	11,539
New Social Investment	730	340
New Rent Incentive Scheme	150	137
New Cyclical Painting Programme	167	118
Operating cost base c/f	<b>12,841</b>	<b>12,134</b>

In 2014/15 the Trust's overall operating cost base, before new activities, was £255k lower than budget

(£11,539k v £11,794k). Just under half of the planned increase in new social investment spending was delivered in the year (£340k v £730k).

Savings and efficiencies totaling £598k (5% of the operating cost base) have been achieved in 2014/15. This

includes £230k relating to staff salaries, arising from the second year of a two year pay freeze.

The table also identifies other cost issues of £122k. This includes £76k which relates to development administration costs which were not capitalised. A review of the development service is planned in the second half of 2015, to consider the position relative to peers.

## 5. Social Housing Letting Costs

With the end of the main home improvement and environment programmes the Trust's social housing

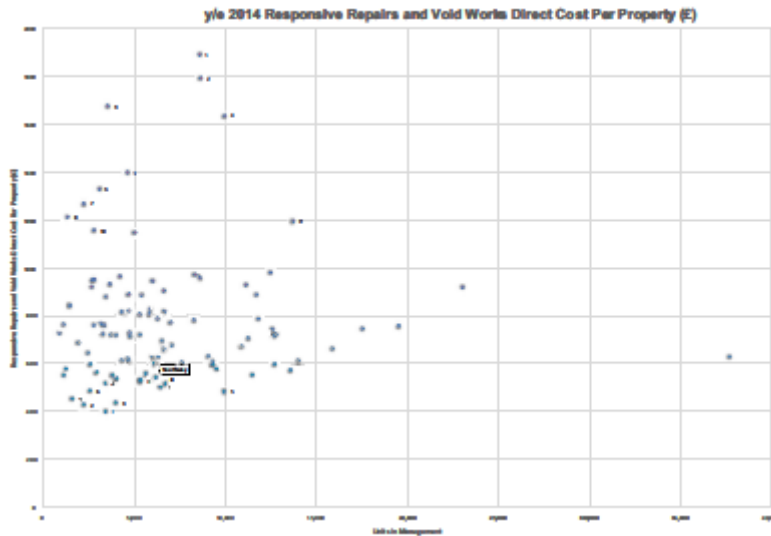
lettings costs have fallen sharply. Future improvement works will be on a cyclical basis in line with its stock condition survey.

The sections below contrast Southway's spending on Maintenance and Management:

- to the average cost of stock transfer organisations per the HCA's Global Accounts for the year end 2014
- to the Placeshapers group of Registered Providers, which is representative of 20% of the total social housing sector stock

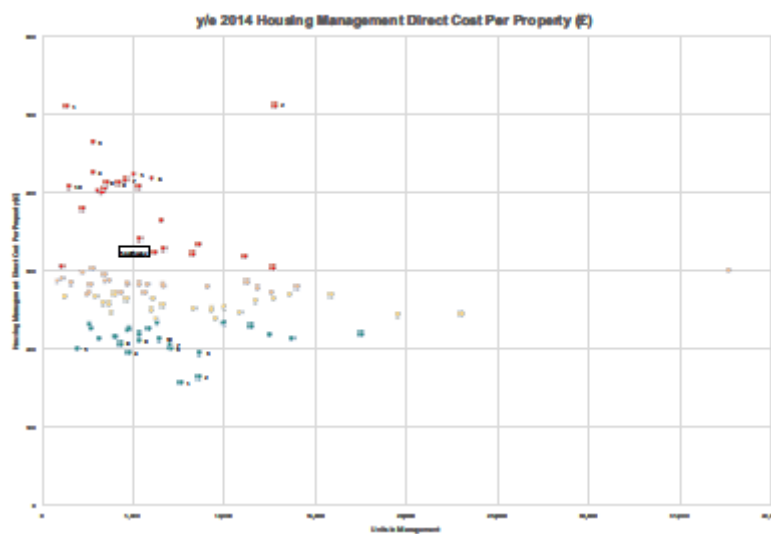
(i) Maintenance Costs	y/e 2012 Actual	y/e 2013 Actual	y/e 2014 Actual	y/e 2015 Actual	y/e 2016 Budget
Southway	637	670	636	686	690
stock transfer sector	1,019	1,041	1,035	n/a	n/a
Southway below average of stock transfer sector by	-382	-371	-399	n/a	n/a

Southway's result for year end 2014 was £636pu, equivalent to a substantial saving of £2.3m pa compared to the stock transfer sector £1,035 per unit average. Southway's lowspend per unit means it is in the top quartile of Placeshapers.



(ii) Management Costs	y/e 2012 Actual	y/e 2013 Actual	y/e 2014 Actual	y/e 2015 Actual	y/e 2016 Budget
Southway	905	991	1,013	1,000	1,061
stock transfer sector	860	876	936	n/a	n/a
Southway below average of stock transfer sector by	45	115	77	n/a	n/a

Southway's result for year end 2014 was £1,013pu, equivalent to a higher cost of £450k pa compared to the stock transfer sector £936 per unit average. Southway's higher spend per unit means it is in the bottomquartile of Placeshapers. A large part of this relates to the higher cost of Housing Management and Rent Collection functions. The Trust's response to this is explained in sections 6 (ii) and 6 (iii) below, with the resulting efficiency targets noted in section 11.



## 6. Core Landlord Functions

### (i) Repairs and Relets

Analysis of Housemark benchmarking results has been undertaken to track Southway's property maintenance costs, performance and satisfaction.

	2010 Result	2012 Result	2014 Result
Average direct cost of maintenance per property	£674	£484	£541
Repairs % right first time/visit	94%	88%	86%
Re-lets (minor voids) average time	42	21	17
Repairs average time	7	5	4
Satisfied with repairs	84%	85%	86%
Satisfied with quality of home	84%	87%	86%

The table below presents the equivalent rank out of a 100 stock transfer organisations, with the



colours

reflecting the quartile position. All indicators show improvement.

	2010 Rank	2012 Rank	2014 Rank
Average direct cost of maintenance per property	59	11	17
Repairs % right first time/visit	N/A	66	45
Re-lets (minor voids) average time	75	29	16
Repairs average time	35	18	6
Satisfied with repairs	44	49	35
Satisfied with quality of home	79	53	57

The Trust's in house DLO team 'Property Services' delivers repairs and maintenance services to the Southway

Housing Trust stock. 2014/15 was year 1 of the services new 3 year Business Plan 2014-2017 and

performance during the year remained strong.

During 2014/15, in excess of 23,800 response repairs were completed, 99.8% of which were completed on time.

Works were completed to 238 empty properties (196 Routine & 42 Major) and upper quartile performance

was exceeded for turnaround times with minor voids relet in 16 days and major voids relet in 38 days. An

additional 3,240 major repairs or improvements were completed during the year.

In terms of performance, of 13 repair service KPI's, 11 are achieving upper quartile performance and 8 are in

the top 10% of Registered Providers.

Customer satisfaction with repairs during 2014/15 was above target at 98% and Tenant Satisfaction with the

Repairs Service in the 2014 Star Survey increased to 86%.

The Key Priorities for 2015/16 are:

- Maintain the strong operational repairs and voids performance and driving the three remaining performance indicators not yet at Upper Quartile, to this level.

- Maintain 100% Gas Safety compliance.

- As part of the Repairs Service Business Plan and the aspiration to become the 'Repairs Provider of Choice'

in the South Manchester area, as part of our 'Commercial Repairs' project we will make our repairs service

available to leaseholders and owner occupiers within the Southway area.

- Procure a new vehicle fleet for the operational team following the expiry of the lease with the current fleet provider.
- Retender our material supply arrangements. Early indications show that efficiencies in the region of £87k per annum will be achieved.
- Use the data from the 2015 stock condition survey to inform the investment needs in the stock over the next 30 years and to further develop the cyclical maintenance plan and seek to reduce responsive repairs demand.

(ii) Rent Collection

Analysis of Housemark benchmarking results has been undertaken to track Southway's rent collection costs and performance.

	2010 Result	2012 Result	2014 Result
Current tenant rent arrears	10.8%	8.8%	8.1%
Percentage of rent collected	97.7%	99.9%	99.1%
Total direct cost per property of rent arrears and collection	£79	£84	£114

The table below presents the equivalent rank out of 100 stock transfer organisations, with the colours reflecting the quartile position.

	2010 Result	2012 Result	2014 Result
Current tenant rent arrears	99	98	99
Percentage of rent collected	96	33	59
Total direct cost per property of rent arrears and collection	84	83	97

Recognising the high cost associated with rent collection, and also seeking to achieve significant improvements in performance and cost reduction Southway has carried out a fundamental review of all its rent collection policies and practices, with particular focus on better use of technology to derive efficiency savings. The project was completed in June 2015. Additional details can be found on the

Trust's website. It involves working in partnership with a large regional association building on the

success of their IT systems and related rent collection procedures.

Arrears performance during 2014/15, whilst improving, continues to be affected by formal reforms to

the benefits system, which includes the different benefits introduced, but also the significant increase

in sanctions being applied to individuals. Southway's collection rates have moved into the second quartile of registered providers at 99.45%. Total arrears as a percentage of rent due is in the

bottom

quartile – which is impacted by the high level of arrears acquired from MCC on transfer.

2014/15 was the second year in which tenants faced benefit reductions where deemed to be underoccupying

their homes by one bedroom or more. This reduced from around one in five of Southway's tenants in 2013/14 to one in six. It had the potential to adversely impact 3% of the total rent roll.

A

slight reduction in collection was seen at 98.75% for under occupying tenants. This was due to the

increasing difficulty to secure discretionary housing payments (DHP) for those tenants affected.

In

2013/14, Manchester City council made awards for DHP where a tenant showed they had registered

for rehousing or could show hardship. However, in the second year of administering the scheme, the

qualifying criteria became harder, with tenants having to demonstrate active bidding for properties.

We are aware that the vast majority of our tenants affected by under occupancy, do not want to move

and it will become increasingly harder for them to qualify for DHP.

Performance for non under occupying tenancies was higher, with 99.59% collection against a target

of 99.35% of annual rent. There was an increase in performance of 0.5% a week, from the mid year

point when we launched Southway Rewards, a scheme which provides incentives for tenants with a

clear rent account/agreement and no breaches of tenancy conditions. Whilst it is still early days for the

three year Rewards project, it is certainly an encouraging sign that this is having a positive

impact on  
rent collection.

Universal Credit was launched in South Manchester in December 2014 but the number of tenants affected was so small (only 23 by the end of the financial year) that this did not impact the overall collection figures.

Southway continues to develop strategies in response to welfare reforms. These are aimed at supporting the households affected through welfare and money management advice, arranging opportunities to increase work related skills, organising volunteering, and supporting those who want

to move home and downsize. The cost of this 'Financial Inclusion' and related advice work increased in the most recent year, with spending totaling £281k in 2014/15.

### (iii) Housing Management Service

Analysis of Housemark benchmarking results has been undertaken to track Southway's housing management costs, performance and satisfaction.

	2010 Result	2012 Result	2014 Result
Direct cost per property of Housing Management (excluding Rent Arrears)	£187	£196	£209
Satisfied with outcome of action to resolve ASB	84%	88%	90%
Satisfied that views are listened to and acted upon	72%	75%	73%
Overall satisfaction with all landlord services	86%	86%	86%
Satisfied with neighbourhood	80%	82%	82%

The table below presents the equivalent rank out of a 100 stock transfer organisations, with the colours reflecting the quartile position.

	2010 Rank	2012 Rank	2014 Rank
Direct cost per property of Housing Management (excluding Rent Arrears)	76	72	79
Satisfied with outcome of action to resolve ASB	28	24	20
Satisfied that views are listened to and acted upon	20	48	45
Overall satisfaction with all landlord services	57	67	69
Satisfied with neighbourhood	81	80	87

Recognising that the balance between cost, performance and satisfaction is not as effective as it should be, and to assist in the delivery of the new Futures Strategy, Southway is currently undertaking a review of its Core Landlord Services (Rent Collection, Tenancy Management and dealing with Anti-Social Behavior) to ensure that they are fit for purpose. Around 80 staff are directly affected, more than half of Southway's office based staff.

The title of the project is 'Shaping Southway' and its principal aim is to establish a model that enables us to deliver the most effective and efficient landlord service possible, which is focused on being flexible to the varying needs of our tenants, and delivering value services to those who will benefit from them most.

Tenant Satisfaction with Southway's Landlord Services per the bi-annual Star Survey, shows that satisfaction remained consistent between 2012 and 2014, rather than improving. These satisfaction scores, coupled with an increase in the number of tenants requiring support outside of core functions, ongoing cuts to public services and a desire to focus our approach rather than provide a blanket service to all tenants mean that

now is the right time to be 'Shaping Southway'.

The core objectives for the project are to:

- Balance expectation and needs with costs and benefits
  - Be accessible
  - Improve tenant satisfaction
  - Be cost effective
- Target our services to those who will benefit the most
- Modernise our operations and transform the landlord service
  - Resolve the majority of queries at first point of contact
- Use technology and new ways of working to improve efficiency
- Improve Southway's position with Housemark (Landlord Benchmarking) for efficiency and satisfaction

The focus will be to alter the approach of frontline services, to provide a comprehensive & flexible service to our tenants, using Information Technology to work out in the community as much as possible and

we will  
 utilise and enhance our local knowledge and expertise in key areas with specialisms dedicated to  
 effective  
 resolution of challenging situations.

In order to create capacity to enable this increased community work, our contact centre will have  
 an  
 increased level of autonomy and expertise to improve first contact resolution and manage the  
 majority of  
 transactional activity.

The project commenced late in 2014 and the first phase, with a new structure being put in place  
 from winter  
 2015. Implementation and refinement of the new model will then take place throughout the  
 remainder of  
 2015/16 and into 2016/17.

## 7. Corporate Functions

Analysis of Housemark benchmarking results has been undertaken to track Southway's back  
 office  
 overhead costs.

	2010 Result	2012 Result	2014 Result
Total overhead costs % turnover	9.8%	11.7%	10.2%
Office premises cost per direct office employee	£7,065	£6,794	£5,786
IT cost per IT user	£8,753	£6,885	£6,164
Finance cost per direct employee	£3,279	£2,536	£2,463
Central cost per direct employee	£8,661	£8,156	£8,920

The table below presents the equivalent rank out of a 100 stock transfer organisations, with the  
 colours  
 reflecting the quartile position. All indicators show improvement.

	2010 Rank	2012 Rank	2014 Rank
Total overhead costs % turnover	N/A	52	32
Office premises cost per direct office employee	83	79	66
IT cost per IT user	81	58	36
Finance cost per direct employee	53	30	21
Central cost per direct employee	35	34	31

The commentary below provides further information on the cost of Office Accommodation (the only one of the overhead Housemark categories where cost is above the LSVT median) , Communications, ICT and Insurance.

#### (i) Office Accommodation

The relatively high cost location of Southway's office premises in South Manchester has also been considered. Negotiations with the landlord have successfully secured an efficiency saving. The Trust has committed to retaining its existing accommodation for the next four years. This resulted in a substantial rent free period amounting to a reduction of almost £500k over the period to 2018. The Trust's office accommodation requirements will be considered alongside the Shaping Southway project to ensure sufficient lead in time to deliver new accommodation before the summer of 2018.

#### (ii) Communications

Communications has been centralised via a small communications team, since 2014. Savings have been achieved via the team effectively editing, outsourcing and managing material more closely. A case study example is available on the Trust's website.

Additional value for money has been achieved via:

- Newspaper/TV coverage greatly increased with an estimated value of £10k (calculation used by comparing cost of advertising space in said media publications).
- Minimum £5k saved via website maintenance (previously outsourced).
- Minimum £5k saved due to professional level posters being produced by in-house team and professional level photography taken in-house (previously all outsourced).

In addition 60% of Leasehold statements now being emailed to residents rather than posted. We are also

sending out a monthly eNews letter which has a readership of over 1,500 tenants and update our

social  
media pages on a daily basis; all are free methods (aside from staffing time) and have greatly  
increased the  
value of our communications.

### (iii) ICT

The strategic focus of the ICT team during 2014/15 has been on the development of the ICT  
service to  
support the future needs and vision of the business. A detailed service and workforce review was  
conducted  
during 2014 resulting in a redesign of the service, the recommendations of which commenced  
implementation towards the end of the financial year and continue into early 2015/16.  
The focus now is on taking timely, relevant and cost effective action to use technology to assist in  
developing the business to meet the long term vision.  
Core infrastructure systems due for replacement had their service life extended both to enhance  
return on  
investment (ROI) and to allow a joined up infrastructure and telephony review to take place. An  
updated ICT  
Strategy and complete infrastructure review will be delivered throughout Q1-Q3 2015-2016.  
A project to enable Neighbourhood and Income officers to work more effectively in the field  
through easy  
access to relevant tenancy data, went live at the end of the year. The business case for the  
project indicates  
savings of £130k per annum allowing officer time to be allocated more effectively. The project will  
be  
continue to be developed throughout 2015/16 linking further automation enhancements and  
efficiencies in  
delivering income management and neighbourhood services.

Non cashable improvements delivered through the ICT service included, for example:

- Software system developed in-house to support the Tenant Rewards project.
- Universal Credit/ Alternative Payment Arrangement reports produced to manage and  
benchmark the  
operational services.
- Significant upgrade to the telephony system to bolster resilience and keep the hardware and  
software  
within support.



- Development and implementation of the 'TotalMobile' project for Income and Neighbourhoods to deliver an effective remote network connection to housing management systems for staff working in communities.

- Additional infrastructure to facilitate business continuity and system fail-over in the event of a major incident at Aspen House.

- The bulk of desktop computers have been replaced or upgraded, enhancing the performance experienced by users.  
Value for Money

- Community Wi-Fi was installed in 3 of new developments, allowing Southway tenants to access the Internet, supporting our Digitally Inclusion Strategy.

- Voice recording systems were upgraded to support credit card payment methods predominantly within the Contact Centre.

- Commercial Repairs implemented, with systems designed to allow for a seamless and effective delivery across the repairs service.

A sample of the future projects scoped for 2015/16 include:

- Review of costly LoneWorker protection systems.

- Move to Insight SSRS for production of management reports, allowing better reporting services and developing a Business Intelligence approach to service delivery.

- The implementation of a unified and collaborative Customer Relations Management (CRM) and Communications Hub within the core housing management system to enhance the interface with customers and assisting all services in their continual improvement objectives.

- Review and replace the provision of the IT Service desk software to allow for effective change and

problem management, service delivery management and KPI reporting.

- A business case is currently being prepared looking at upgrading the repairs team mobile working technology due to it going end-of-life and failing to meet current needs and resilience.

#### (iv) Insurance Claims Management

During 2014/15 Southway reviewed its insurance claims management arrangements. At financial year end

the Trust has seen a real impact from its drive to improve environmental management and record keeping.

We are able to now effectively defend ourselves against claims, we have paperwork which is accurate and

clear and we have staff who are acting quickly to investigate and provide supporting documentation for the

defense of claims. This is a major step forward in our aim to reduce premiums.

In Q4 2013/14 we had 12 new insurance claims, at the same point this financial year we have received only 1

and that was denied within 2 weeks of the claim being reported. Claims that in the past could have taken up

to 12 months for insurers to investigate. This is testament to the strength of our procedures and the

evidence we are able to provide.

The effective management of potential claims is also vital to save the Trust money in pay outs. In 2013/14 we

had 5 reports of potential claims, information was sketchy and we weren't able to gather much information

to help us prepare a defense for any claim that might come in. In 2014/15 we have had 17 reports of

potential insurance claims, 8 of which have been supported by a full claims defensibility information, which

will ensure that if we do get a claim in the future we will be in a very good position to defend ourselves.

We have also reduced the number of motor incidents by 70% in the last year, with 10 claims in 2013/14

down to 3 in 2014/15. In 2013/14 we paid out £33k for motor claims; in the last year this reduced down to £7k.

The Trust retendered for its insurance services in 2014/15. This resulted in a premium which was similar to

the previous year. Following the implementation of the risk mitigation actions and revised claims management arrangements referred to above our insurers have indicated that a reduction in premiums should be possible in later years as Southway develops a good claims history.

## **8. Managing our Assets**

Analysis of Housemark benchmarking results has been undertaken to track Southway's back office overhead costs.

### **(i) Use of Asset Base, Property Demand and Options Appraisal**

The effective use of our asset base is a key issue in achieving value for money. Southway raised its social housing target rents in 2014/15 to reflect the increased value of its properties, following significant investment to achieve Decent Homes and delivery of its transfer promises. This asset value now needs to be preserved. Should it be necessary to fund future initiatives and further new build work, the strength within our asset base could be used to assist with refinancing.

While it is accepted that the Southway stock is of high demand, there is a need to develop a greater understanding of its wider value and assess whether there are better options for pockets of stock than refurbishment and maintenance, such as disposal, demolition, regeneration or conversion. To support this work the Trust's Acquisition and Disposal policy will be reviewed and a new stock modelling tool will be put in place during 2015 that will be used to assess the Net Present Value of existing and new properties.

There have been limited instances where significant intervention has been needed due to neighbourhood sustainability and our ability to let properties. Southway has previously converted a block of six flats into two 4 bedroom homes due to significant anti social behavior problems that were exacerbated by the flat designs, their lack of security and their location. At a further site; Westbrook Walk bungalows

specific  
intervention through selective demolition and new build is underway. This is due to it being  
landlocked,  
lower demand than the remaining stock and not being appropriate accommodation for its  
intended older  
residents.

#### (ii) Stock Survey and Asset Management

In consultation with our tenants Southway has set its own stock improvement standard that  
exceeds the  
Government's recent homes target, providing homes that have good quality internal fittings, are  
wind and  
weather tight and energy efficient. A range of product styles and choices are provided with key  
considerations being product durability and ease of use.  
A stock condition survey was completed in 2011. This showed that the choices made about what  
work to  
carry out and about the specifications and products used had achieved significant benefits for our  
tenants.

Savills the firm who were commissioned confirmed that "our overall impression gained from our  
surveys is  
that the stock is in good condition and has clearly benefitted from the significant investment  
programme  
that has taken place since transfer."

A new stock condition survey is being completed in 2015. The survey results will inform the levels  
of  
investment required for the next thirty years, with a specific focus on 2016/17 to 2020/21. The  
basis of the  
survey will be to identify works required to maintain properties to current standards and protect  
the existing  
asset base value. However, standards will be reviewed to ensure they remain fit for purpose, and  
are aligned  
to wider strategies such as Age Friendly and Environmental Sustainability.  
Alongside this work the existing Asset Management Strategy will be revised with a view to  
providing a more  
holistic approach, not only dealing with stock condition but also addressing issues such as  
demand, stock  
and neighbourhood sustainability, and customer needs and aspirations.

The new Asset Management Strategy will aim to continue to provide the right balance between  
service

standards, quality, value for money and customer satisfaction, and be clearly linked to corporate objectives.

#### (iii) Energy Efficiency

The average SAP rating of Southway homes is 71.48. During 2015 Southway will be delivering a

Solar PV

scheme to over 2,000 homes. Annual individual household savings up to £300 are expected from this work

with SAP ratings being significantly increased.

We will also continue to deliver our award winning Energy Doctor service providing energy efficiency and

switching support to 300 tenants with overall savings of £126k targeted.

The energy ratings of our homes will be a key consideration for future investment during 2015/16

linked to

the development of our new Asset Management Strategy. Key to this decision making will be the benefits

that any work would have for our tenants and how this compares with the cost of the work itself.

#### (iv) New Build Development

Southway is investing significantly between 2015 and 2018 building 160 new homes for affordable rent

both general needs and age restricted. Grant funding of £2.6M has been secured to support this work. The

Trust recognises the need to achieve value for money and maximize the number of homes that we build

whilst maintaining quality.

During 2015 a benchmarking exercise and external review will be carried out to assess the value for money

achieved to date in new build development. Using previous schemes to carry out benchmarking the

following areas will be addressed;

- Methods of procurement including the use of build, design and build, frameworks and joint venture companies.
- Works Costs (unit rates, specifications, methods of working, incorporating whole life values).
  - Identifying areas where there may be ways to improve in design and specification.
  - Minimising on-going maintenance costs.

Areas where efficiencies can be made will be identified and implemented and will include the setting of a

target unit rate for new build.

#### (v) Development Administration

Southway has an internal workforce managing its new build development programme. Work is monitored against a 5% fee target. Southway also commissions a variety of specialists to support its new build work; specifically architects and specialist surveyors. A fee budget for all pre and post contract work has been set at 8%.

During 2015 a benchmarking exercise will be completed that compares these fee costs, looking at trends and best practice in the delivery. The aim will be to achieve better value for money and ensure that we have the right skills and knowledge in place.

The benefits of different models of delivering development administration will be assessed including the constitution of a Development Company to enable VAT savings to be achieved on professional fees.

## **9. Community Investment**

Investing in the people who live in our homes and communities is a key priority for Southway, working in partnership with others to improve prosperity and wellbeing, particularly those who are less well off, and make sure our tenants and local residents benefit from the economic growth of Greater Manchester.

Where we can deliver commercial services that complement our core business, we will invest any surpluses achieved into our social investment priorities.

In 2014 Southway invested, along with partner organisations in the development of the Value Insight reporting tool, developed by HACT. This provides a well being valuation methodology to measure the social value of the outcomes achieved on social investment projects, with the results expressed as a cash sum.

Using this model we will measure the social value that we create through community investment. Through a range of community work we have targeted to achieve at least £2.8M of social value.

2015/16 will see significant growth in the services we deliver and the support we provide to communities

with key areas being:

- Supporting at least 400 tenants a year to access pre employment training.
- Directly supporting at least 50 Southway tenants into paid employment or to set up their own businesses.
- Supporting the development of an Employers Network to engage local businesses who can actively contribute to employment and training opportunities in the Southway area.
  - Developing our Timebank volunteering programme across all of our neighbourhoods.
  - Working with health and care providers to join up our services for older people to improve outcomes and become more efficient.
- Developing services at the newly acquired Buckthorn House community facility and developing a volunteer led partnership the Westcroft Centre.

Southway has developed strong partnerships in its communities supporting a range of organisations and providers to deliver services to residents. During 2015/16 we want to work with our key community partners to develop a longer term strategy, looking at the option of setting up a formal partnership structure. This would enable us to better define shared objectives, share our expertise and work together to establish sustainable funding arrangements. This structure could also provide a framework through which we can reinvest any surpluses available to support social investment.

## **10. Digital Inclusion**

2015/16 will also be a key year for Digital Inclusion at Southway, building upon the foundations of 2014/15

as an organisation we are committed to:

- Recruiting 10 additional tenant Digital Champions.
- Establishing our existing Junior Digital Champions project as an extra curricular activity within local high schools.

- Assisting 250 tenants & residents to access the internet and gain digital skills.
- Continuing to run 'Internet Savvy' courses, assisting a further 50 working age tenants to gain digital skills and providing access to lowcost equipment.
- 34 Value for Money.
- Rolling out 'Silver Savvy,' a tailor made 6 week computer training course for tenants who are 50+. Putting more emphasis on developing financial and social digital skills as well as providing access to low cost equipment.
- Piloting a home connectivity project in Burnage North and Ladybarn, connecting over 350 Southway homes with free internet.
- Building a Digital Skills Audit for inclusion within the Digital Induction for new Southway Tenants.

All of the digital initiatives mentioned above work towards providing 'Digital for all,' each one plays its own part in helping tenants and residents to increase their confidence in using computers. They also help tenants to save money, increase their employability, and help them to pursue hobbies. A further expected benefit is where we are empowering people to assist each other. In order to ensure that we're capturing the social value and benefits to Southway tenants of them being online, we're working towards developing more effective reporting mechanisms. We'll do this by utilising the HACT SROI tool and also paying regard to the outcomes framework for measuring the benefits of Digital Inclusion that has been developed by the Government Digital Service (GDS).

## 11. Efficiency Targets for 2015 - 2018

Southway is committed to continuous improvement in both services and ongoing delivery of efficiency savings. In addition to these financial savings the Trust plans to complete the comprehensive assessment of its services during 2015/16 and the following two years to deliver the efficiency targets set out below.



## 2015-2018 VFM Strategy – Efficiency Targets

### Property Maintenance

1. To achieve a consistently top quartile position on maintenance cost, performance and customer satisfaction compared to sector benchmarks.
2. New Asset Management Strategy to be adopted by y/e 2016, reflecting stock condition survey results and consideration of individual property retention/disposal options.
3. Commercial Repairs to deliver a profit, recouping start up costs by y/e 2017.

### Housing Management

4. To improve customer satisfaction to Quartile 2 or above for overall landlord service and satisfaction with neighbourhoods.
5. To achieve a cost reduction of £250k pa via the Shaping Southway project –reinvesting the savings in new activities/development. This is intended to deliver a Quartile 3 cost base by y/e 2017.
6. To achieve further cost reductions of £50k pa in each of the following three years via greater use of digital platforms, totalling £150k –reinvesting the savings in new activities/development. This is intended to deliver a Quartile 2 cost base by y/e 2020.

### Rent Collection

7. Performance expected to improve to Quartile 2 in y/e 2015. Achieve top quartile performance by y/e 2017.
8. Cost base to be reviewed as part of the Shaping Southway project, with savings from the Streamlining Income Management project contributing to efficiency target 5. above.

### Overheads

9. To continue to deliver Finance, ICT and Central activities at a cost base in Quartile 2 or better.
10. New office accommodation requirements to be confirmed by y/e 2017, including analysis to comparable city centre RPs with 4,000 - 8,000 properties.

### Development

11. VFM review of the development function in the second half of 2015. This will include consideration of Design Specification and Procurement Arrangements. Efficiency targets to be set upon completion of this evaluation.
12. Staffing review of the Development & Acquisition team in the second half of 2015 will consider the cost of the internal staffing structure, roles and responsibilities and evaluate the use of external consultants. Spending above the average cost base of peers will be explained.

### Social Investment

13. To review and improve the quality of outcomes of investment into (a) Age Friendly activities, (b) Employment & Training, (c) Volunteering, (d) Health and Wellbeing, (e) Partnerships and Community Buildings and (f) Digital Inclusion services. These activities are targeted to achieve at least £2.8m social value (per Value Insight model).

### Insurance

14. Re-procurement of insurance in November 2017 to result in a reduced premium compared with the general inflationary movement for the sector.

### Interest

15. To consider the most appropriate treasury management solution when increasing the levels of funding available to the Trust