

Operating and financial review

Financing, cash flow and treasury policy

The Group borrows, principally from banks, at both fixed and floating rates of interest. Interest rate swaps are used to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's policy is to keep a balanced portfolio of maturity dates and rates. At 31 March 2015, 84% of the Group's borrowings were at fixed rates (2014: 84%). Further detail on the profile of borrowings can be found in note 15. The fixed rates of interest range from 0.71% to 10.54%, with the average interest rate for the year being 4.65% (2014: 4.65%).

The Group's lending agreements require compliance with a number of financial and non-financial covenants. The Group's position is monitored and reported to the Board regularly. The Group was in compliance with its loan covenants at the balance sheet date and the Board expects to remain compliant in the foreseeable future.

The Group has cash balances of £13m at 31 March 2015 (2014: £13.5m). The Group monitors cash flow forecasts closely to ensure that sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs.

The Group Treasury Policy sets out the controls and parameters for treasury activities across the Group and is reviewed on a three-yearly basis by the Group's Funding Panel.

Housing property valuation

Housing properties were professionally valued by Jones Lang LaSalle, external property consultants. The valuation as at 31 March 2015 on the Existing Use Valuation – Social Housing (EUV-SH) basis totalled £255m (2014: £249m).

Value for Money self-assessment

The Group Board's Value for Money self-assessment

1.0 Introduction

1.1 Value for money philosophy

Value for Money (VfM) is one of the nine core strands of the Group's Corporate Strategy 2012-15 and is regarded as being strategically important by the Board. The Group's value for money philosophy is outlined below:

<p style="text-align: center;">Value for Money – The 4 Es</p> <p>Economy – spending less – reducing cost of service delivery whilst maximising performance</p> <p>Efficiency – spending well – making best use of resources thus avoiding waste</p> <p>Effectiveness – spending wisely – using resources to achieve desired outcomes</p> <p>Equity – spending fairly – ensuring services reach all intended groups</p> <p style="text-align: center;"><i>Utilising the right balance of financial and staff resources to deliver the right service to the right people at the right time</i></p>

1.2 Value for money strategy

Our aim (as set out in the Corporate Strategy 2012-15) is to invest our financial resources effectively in order to deliver our corporate strategy through; the adoption of effective and efficient approaches to business delivery; learning from good practice; an integrated approach to continuous improvement; and use of internal data in conjunction with external benchmarking data to understand the relative cost and performance of our service delivery.

1.3 Embedding value for money

Ensuring that our value for money philosophy is embedded is underpinned by a Board commitment that is reflected within a diverse range of initiatives to cascade its importance throughout the organisation. Crucially, this includes a feedback loop to the Board to facilitate review and scrutiny of the extent to which VfM is achieved. For example:

- Quarterly review and challenge of performance data thereby ensuring that the Leadership Group is held to account for performance standards.
- Six-monthly review of progress against delivery of the Corporate Strategy achieved during 2014/15 at Board meetings in October 2014 and May 2015. This included a review of the value for money strand and encompassed an update on corporate improvement projects carried out with the consistent Universal Improvement approach. The value for money achievements arising from corporate projects is detailed in a later section in this self-assessment (see section 4.2).
- Standard report cover template which includes specific consideration of VfM is used for all papers submitted to Leadership Group, Panel, Committee and Board meetings.

Value for Money self-assessment

1.4 Value for money self-assessment

We, the Board, take our responsibility to demonstrate VfM to our stakeholders seriously. This self-assessment presents a summary of our activities during 2014/15 and the extent to which value for money has been achieved.

The information contained here is a summary of our full value for money self-assessment which, along with other supporting documents, is available at:

<http://broadlandhousing.org/about-us/publications-and-policies/value-for-money.html>

The remainder of this value for money self-assessment presents an overview of our activities in 2014/15 and is intended to give a transparent appraisal of; return on assets; cost and performance of services; and, achievements in current year and future plans.

2.0 Return on Assets

2.1 Asset Management Strategy

The Group's strategic aim is to maximise return on assets to ensure that the stock we hold is well-performing and yields the financial resources required to deliver our wider corporate mission (to improve life opportunities for people in Norfolk and North Suffolk through housing and support provision).

We regard decisions on holding, investing in and disposing of our stock as strategically important and aim to have a strong understanding of how such decisions will influence the social benefit that we can achieve.

2.2 Stock Condition

We recognise that it is fundamentally important to have a clear understanding of our stock profile to underpin strategic asset management decisions. A programme of stock condition surveys is in place to ensure that our data is maintained and can be used to inform investment decisions.

Our stock investment decision framework is closely interlinked with our Environmental Strategy. For instance, our stock appraisal system correlates with our aim to ensure that all properties we own have an EPC rating of at least C by 2017. Since 2008 2,445 properties have been assessed (49% of our stock) and rated at an average of 73.50 which falls within band C (above the national average of 61.1 band D).

Alongside this, a cost benefit analysis report was commissioned during 2014/15 to identify the most effective ways of reducing the energy impact of our homes based on the Carbon Reductions Options for Housing Managers (CROHM) model. Our Asset Improvement Action Plan overlays the EPC and CROHM data to identify the most cost-effective options for improvement works, whilst also maximising opportunities for grant funding, over the next 2-5 years, informed by costed improvement options analysis provided by Parity Projects.

When properties become void they are reviewed by the Risk Assessment Panel in relation to retention, investment or disposal. Identification of properties for disposal is factored on geography (whether they are close to or in communities that are core to our vision) and cost of investment (to bring them to our base standard). There is an organisational commitment to re-invest proceeds from disposals in environmental initiatives on our existing stock.

Value for Money self-assessment

2.3 Financial return on assets

We recognise that the starting point for a focussed asset strategy is to have a detailed understanding of the rental yields on all existing properties owned and managed by the Association. In reviewing this, we have made use of the considerable professional property expertise available within the business, as well as complementary input from valuation advisers.

We have reviewed all properties annually over the last three years, and reviewed the fluctuations between the yields on each valuation basis (existing use value; market value - tenanted; market value - vacant possession).

Existing use value – social housing					
Yield >	7%	8%	9%	10%	11%
General needs properties 2015	28	23	169	3,350	179
General needs properties 2014	30	45	213	3,344	157
Yield >	8%	9%	10%	11%	12%
Supported properties 2015	42	257	349	16	2
Supported properties 2014	41	277	175	195	1
Market value - tenanted					
Yield >	4%	5%	6%	7%	8%
General needs properties 2015	27	1	195	3,337	270
General needs properties 2014	28	2	208	3,326	144
Yield >	7%	8%	9%	10%	11%
Supported properties 2015	54	283	266	0	31
Supported properties 2014	41	318	127	143	31
Market value – vacant possession 2015					
Yield >	3%	4%	5%	6%	7%
Supported properties 2015	59	196	273	75	59
Supported properties 2014	42	228	269	90	59

Figure 1: Yield achieved 2013/14 and 2014/15

Value for Money self-assessment

Figure 1 shows that when using the existing use value and market value – tenanted bases of valuation the 2014/15 yield values have only marginally changed on those of 2013/14. There is a larger variation between years on the market value – vacant possession basis of valuation for general needs properties and this is shown in figure 2 below.

Market value – vacant possession							
Yield >	1%	2%	3%	4%	5%	6%	7%
General needs properties 2015	0	48	426	2,295	873	246	74
General needs properties 2014	0	48	1,627	982	929	0	0

Figure 2: Yield achieved – general needs vacant possession

We have noted that there has been a slight shift in yield values as shown in Figure 3.

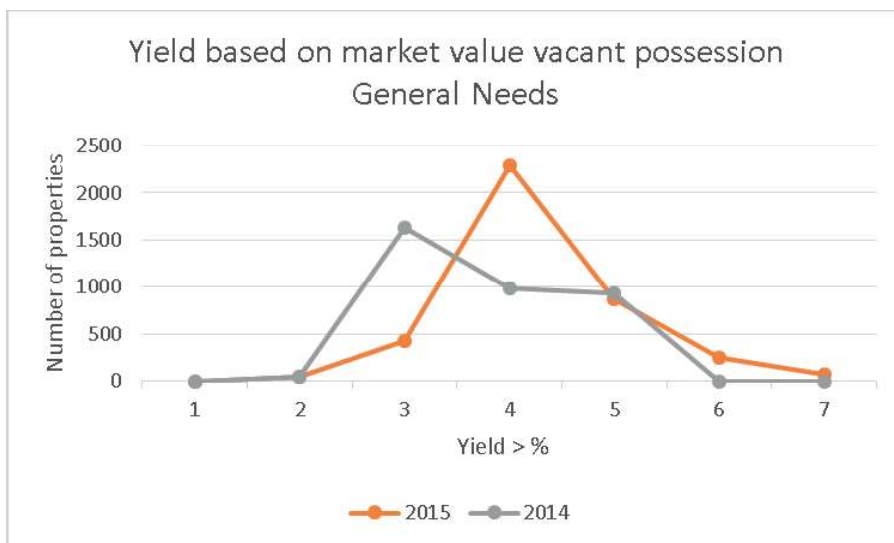


Figure 3: Yield distribution – general needs vacant possession

At present, we are reviewing any properties with a gross yield of less than 2½% Market Value - Vacant Possession (MV-VP), whether they are currently void or occupied, to enable us to have a prepared analysis in place for all our properties. This will provide a measured approach to asset management of our entire portfolio, so that in the event of properties becoming void, we will have a consistent response to support decision making on retention or disposal.

When reviewing the relative performance of our stock we consider a range of factors; yield; energy performance; history (cost and frequency) of repairs; whether significant repairs spend is anticipated; and, whether the property has been, or is expected to be, hard to let. This allows us to reach a realistic and pragmatic decision, taking all existing knowledge into account.

Value for Money self-assessment

2.4 Environmental return on assets

The energy efficiency and environmental impact of our housing stock is core to our Environmental Strategy.

A Carbon Reductions Options for Housing Managers (CROHM) model review was undertaken by Parity Projects in October 2014 which assisted in quantifying the energy performance of our housing stock using the SAP 2009 methodology. This incorporated our entire stock (47% houses, 46% flats and 7% bungalows). It was reported that the estimated average SAP 2009 score of our stock was 71.7, an improvement of 0.1 SAP points from the previous analysis (2013). This score compares favourably with the average SAP across all tenures nationally (56.7), and of the social housing (62.9) and the housing association sector (63.8) as a whole¹.

According to HouseMark as at 31 March 2015, our SAP rating of 72.0 again compared favourably against the median of 70.4 and the upper quartile of 72.6.

2.5 Social return on assets

At the time of the planned upgrade of the heating system at Sorrell and Campion House (a scheme with 95 dwellings) the opportunity was taken to install a biomass boiler. This was in keeping with the Group's strategic aspiration to actively investigate energy efficiency improvements and reduce energy bills for our tenants.

An investment of £231k has so far been made which represents a cost of £2,428 per dwelling. This is partially offset by a revenue stream of £29k per annum that will be receivable over the next 12 years. It is anticipated that the new boiler system will also result in a social benefit to tenants in the form of lower service charges (the value of which is yet to be determined). The Association commissioned Green Homes Energy Solutions to carry out an options appraisal. The brief required them to consider a number of principles such as ensuring that the final option would result in an uplift to the scheme's energy performance and reduce the carbon footprint. Their estimate is that the new biomass boiler will generate an annual heating cost saving of £10k.

3.0 Cost and Performance of Services

3.1 Overview

We consider our key services to be management (i.e. rent collection and letting) and repairs of properties, combined with support activities for tenants. Key measurements of our achievement of our value for money strategy are; average management cost per home; and, relationship between benchmarked performance and benchmarked costs.

3.2 Benchmarking

We have undertaken benchmarking activities in order to understand how the cost of delivering our services compares to the costs incurred by other comparator organisations and the sector as a whole.

¹ Source: Broadland CROHM report from Parity Projects October 2014

Value for Money self-assessment

We use three sources of Benchmarking data:

- Placeshapers - The Association remains a member of Placeshapers, a collaboration of 110 community based housing providers, which between them manage more than 784,000 homes across 10 regions of England and also includes two organisations in Wales².
- HouseMark – The Association re-joined HouseMark in 2014/15 which has more than 950 housing organisation members³. HouseMark is jointly owned by the Chartered Institute of Housing and the National Housing Federation. As part of re-joining HouseMark during 2014/15 we have been able to participate in performance benchmarking for the current year and this data is referred to later in this self-assessment. Our first cost data submission will be for 2014/15 and therefore we do not have HouseMark benchmarking data for the prior year.
- HCA Global Accounts – The National Housing Federation publishes an annual summary of the financial status of registered providers incorporating income and costs, value of housing assets and amount of borrowing.

3.3 Income Analysis

The Association's primary income stream originates from rent and service charge payments from social housing lettings. The income generated from our homes is shown in the table below:

Analysis of BHA income	2014/15	2013/14	2012/13	2011/12
	£'000	£'000	£'000	£'000
Income from general needs lettings	19,927	19,132	18,288	16,846
Income from supported housing lettings	5,141	4,819	4,608	4,397
Total income from social housing lettings	25,068	23,951	22,896	21,243
	No.	No.	No.	No.
Number of homes – general needs	4,198	4,220	4,142	4,113
Number of homes – supported housing	759	737	740	731
Total number of homes	4,957	4,957	4,882	4,844
	£	£	£	£
Average income per home – general needs	4,747	4,534	4,415	4,096
Average income per home – supported housing	6,773	6,539	6,227	6,015
Average income per home	5,057	4,832	4,690	4,385

Figure 4: Analysis of BHA income per home

² As at the time of publication of the 'Placeshapers Making an Impact 2013/14' report published in March 2015

³ Source: HouseMark website as at 12 June 2015

Value for Money self-assessment

The income generated from our properties as shown in Figure 4 is utilised to provide the services that are embodied in our mission to improve life opportunities for people in Norfolk and North Suffolk through housing and support provision.

Accordingly our major categories of expenditure are focused on operational activities which deliver against these strategic aims; management and services; routine maintenance; major repairs; and, provision of support services.

3.4 Expenditure Analysis

The operating costs for the Association over the last four years have been analysed by major category of expenditure in Figure 5 below. These are analysed excluding overhead apportionment.

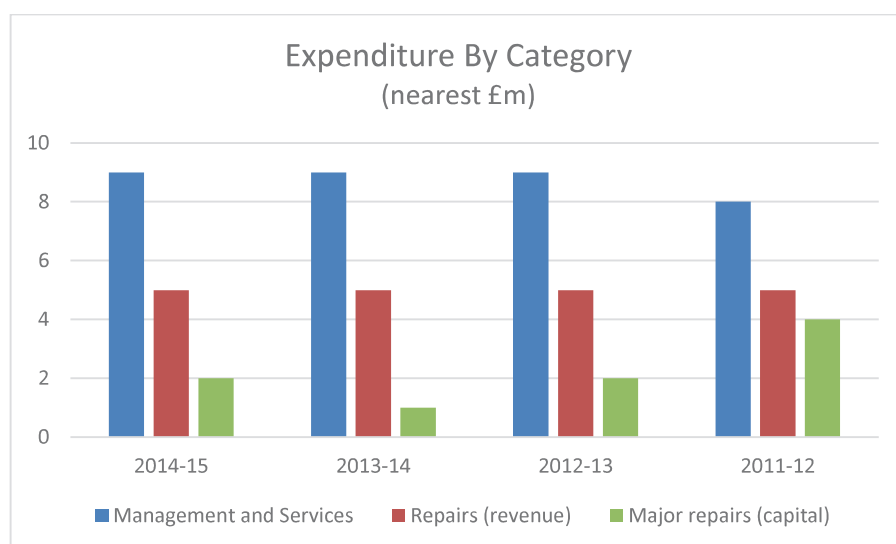


Figure 5: Analysis of BHA Expenditure

There has been a slight increase in management and service costs. In 2014/15 the overall increase in total repairs spend compared with prior year is 5%.

It is recognised that in 2014/15 repairs spend exceeded budget as a result of choosing to invest in specific activities, balanced by delivering efficiencies elsewhere (payroll was reduced by a frontline staff restructure and a continued benefit arising from favourable interest costs). Investments were made in the following areas; a biomass boiler at Campion and Sorrell House which was brought forward in order to take advantage of grant funding; introduction of a Saturday repairs service which resulted in a short-term increase in use of contractors; implementation of IT system changes; and increased investment in staff training.

Value for Money self-assessment

Cost control is an important element of achieving financial value for money. Through the use of benchmarking information we are able to assess how our costs compare to comparable organisations.

The proportion of our income spent on the provision of services is a key measure of the value for money that we have delivered as it has a direct impact on the operating surplus that we can generate for future investment in provision of new homes and other services. The chart below shows how our cost base compares to a select group of ten comparators chosen from the HCA Global Accounts based on a turnover from social housing lettings and number of units similar to that of BHA. The latest available data relates to 2013/14.

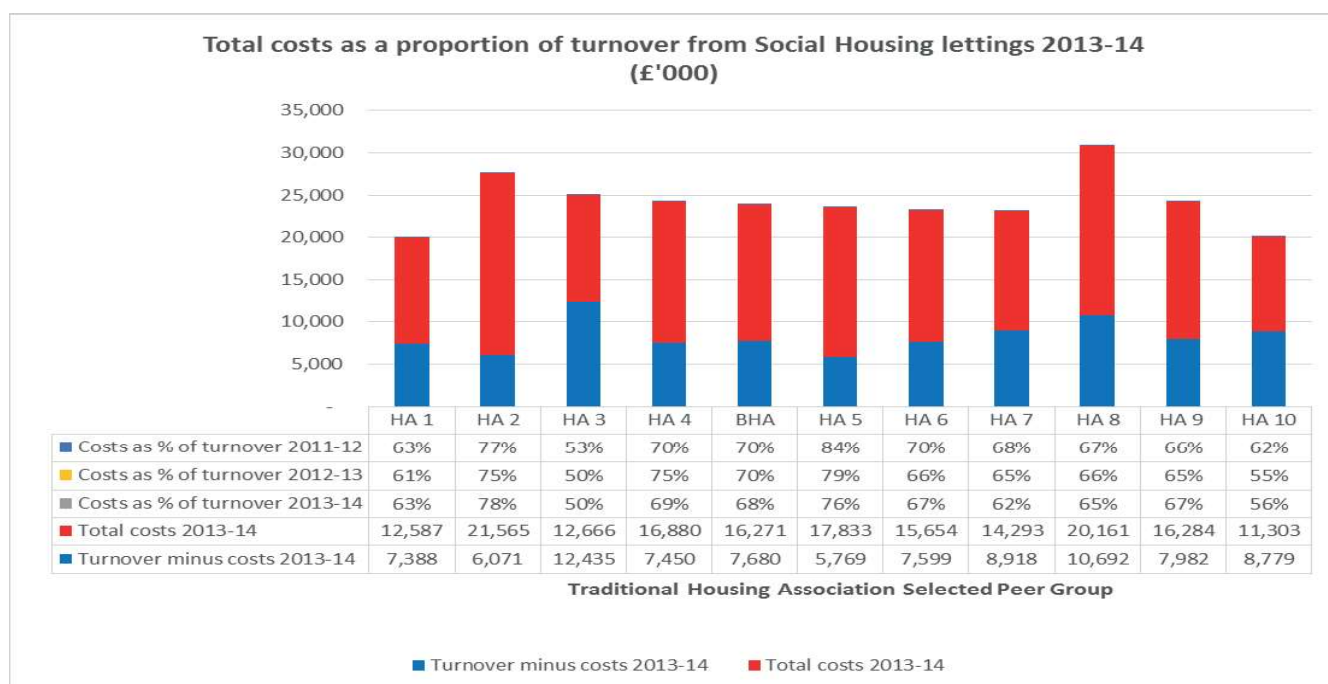


Figure 6: Analysis of costs as a proportion of turnover (Source: HCA Global Accounts)

This data shows that our operating costs are in line with those of this selected peer group of similar sized organisations. Our costs as a percentage of turnover for 2013/14 were 68% and this is in line with the average for this peer group (66%) and the average for the whole housing sector (69%).

Value for Money self-assessment

3.4 Benchmarked key financial metrics

The following table shows how our key financial metrics compare against benchmarking data.

Metric	Broadland Housing Association			Benchmark data HCA Global Accounts	
	2014/15	2013/14	2012/13	Select peer group 2013/14	Whole sector 2013/14
Operating margin on social housing lettings	28.6%	28.4%	25.4%	25.7%	26.1%
Surplus on SH lettings per property managed	£1,638	£1,545	£1,388	£1,654	£1,621
Interest per property managed	£1,336	£1,382	£1,394	£1,048	£1,190
Bad debt per property managed	£46.21	£31.58	£28.93	£40.29	£44.78
Liquidity ratio	2.7	2.4	1.7	2.2	2.0

Figure 7: Benchmarked financial metrics

2014/15 has seen strong financial performance, continuing the turnaround since the deficit position of 2012/13.

- Liquidity continues to improve and in 2013/14 exceeded both our select peer group and sector averages, as a result of existing deposits.
- It is noted that bad debt per property has increased as a result of anticipated changes in the political and economic environment. Taking into account our highly prudent approach our performance is similar to the wider sector.
- The surplus on lettings per property managed is slightly below sector averages but is showing a year on year increase.

Value for Money self-assessment

3.5 Final outturn position

In 2014/15 the Group made a net surplus of £1.465m which shows an increasing trend on the financial outturn achieved in previous years.

For the year ended 31 March	2015	2014	2013	2012	2011
Income and expenditure account	£'000	£'000	£'000	£'000	£'000
Total turnover	26,030	25,659	24,872	23,463	22,450
Operating surplus	7,438	7,284	6,329	6,323	5,655
Net interest charge	6,520	6,734	6,767	6,105	5,927
Surplus/(deficit)	1,465	754	(438)	218	(299)

The Group will use the surplus to finance future development by having a stronger reserves position to secure new funding.

3.6 Cost of services delivered

We have reviewed our costs against those of similar housing associations in our selected peer group as well as the wider sector:

Cost Metric	BHA 2014/15 £	BHA 2013/14 £	Peer Group 2013/14 £	Sector 2013/14 £
Management costs per property managed	1,055	1,006	854	1,027
Service costs per property managed	412	415	503	697
Routine maintenance per property managed	921	842	912	994
Major repairs per property managed	266	330	121	122

Figure 8: Benchmarked service costs (data source: HCA Global Accounts 2013/14)

Value for Money self-assessment

Highlights from this analysis are:

- Management costs were higher than comparators, whereas service costs and routine maintenance were lower.
- We carried out an in-depth review of service charges across schemes and as a result of this we have brought external contracts for communal cleaning and gardening worth £110k in-house.
- We remain cost conscious and a number of other smaller initiatives have also yielded cost savings, for example, our fleet of repairs vans was brought in-house with a saving of £600 per vehicle per month.

Staff costs: We carry out annual benchmarking exercises both regionally and nationally using data from the NHF pay and benchmarking service which is used to inform the setting of competitive rates of pay and for harmonisation of pay across the Group.

A staff re-structure was undertaken within our Frontline Services team which enabled us to achieve some pay savings and re-invest in strengthening our tenancy support team as well as making a contribution to the surplus achieved.

Benchmarking data: As part of re-joining HouseMark we will be submitting our cost data for 2014/15 and will then have detailed cost benchmarking information available to us going forward. It is our intention to then conduct more sophisticated cost analysis using more detailed comparative data. This will enable us to identify how the cost of delivering specific services compares externally.

3.7 Performance of services delivered

Using HouseMark performance benchmarking information we have compared our performance in key operational areas to the sector as a whole. A summary of our position against the sector upper, median and lower quartiles for each metric is shown below:

PI Type		Enablers	Performance Outcomes			
HouseMark Benchmark	Upper Quartile			Gas servicing Arrears (current and former tenants net of HB)	Re-let time Vacant properties (unavailable)	
	Median	Staff turnover Days lost to staff sickness absence	Rent loss (from voids) Repairs (time taken) No. of repairs per property	Percentage calls answered Arrears (current tenants) Arrears (former tenants) Arrears (written off)	Vacant properties (available) No. of affordable units developed	SAP rating
	Lower Quartile			Time taken to answer calls No. of tenancies terminated (as % of properties managed)	No. of standard units developed	
Strategy Theme		People	Operations	Customer	Neighbourhood	Environmental
Value for Money Strategy Measure: Monitor Benchmarked Performance						

Figure 9: Performance benchmarked against all HA's (Source: HouseMark 2014/15)

Value for Money self-assessment

From our analysis of performance against the wider sector we have identified the following areas that are performing well and those that will continue to be reviewed:

Well performing areas	Areas for continued review
Gas servicing	Repairs performance
Arrears management	Bad debt write-offs
Void management	Customer call centre
	Tenancy terminations

Using HouseMark reports we have also reviewed our performance in relation to nine of the ten organisations in the select peer group used earlier in this self-assessment (all those that have made a HouseMark data submission).

PI Type		Enablers	Performance Outcomes			
HouseMark Benchmark	Upper Quartile		Repairs (time taken)	Gas servicing Arrears (current and former tenants net of HB) Arrears (current tenants)	Re-let time Vacant properties (unavailable to let)	SAP rating
	Median	Days lost to staff sickness absence	No. of repairs per property		Vacant properties (available to let)	
	Lower Quartile	Staff turnover	Rent loss (from voids)	Percentage calls answered Time taken to answer calls No. of tenancies terminated (as % of properties managed) Arrears (written off) Arrears (former tenants)	No. of standard units developed No. of affordable units developed	
Strategy Theme		People	Operations	Customer	Neighbourhood	Environmental
Value for Money Strategy Measure: Monitor Benchmarked Performance						

Figure 10: Performance benchmarked against all select peer group (Source: HouseMark 2014/15)

Comparison against this smaller group indicates additional areas where we may be able to make further performance improvements.

Highlights from benchmarked performance analysis

The following analysis provides a balanced view of areas that are performing well and those where further improvements could be made.

Value for Money self-assessment

Repairs: Over the course of 2014/15 our repairs time has decreased from an average of 11.1 days to 9.7 days showing an improvement in performance. The HouseMark data on repairs performance does not make a distinction between emergency and appointable repairs. However, we do monitor performance of each against our aim of completing 96% of jobs within the respective target time. Figure 11 below shows our performance against this aim overlaid with customer satisfaction with the repairs service.

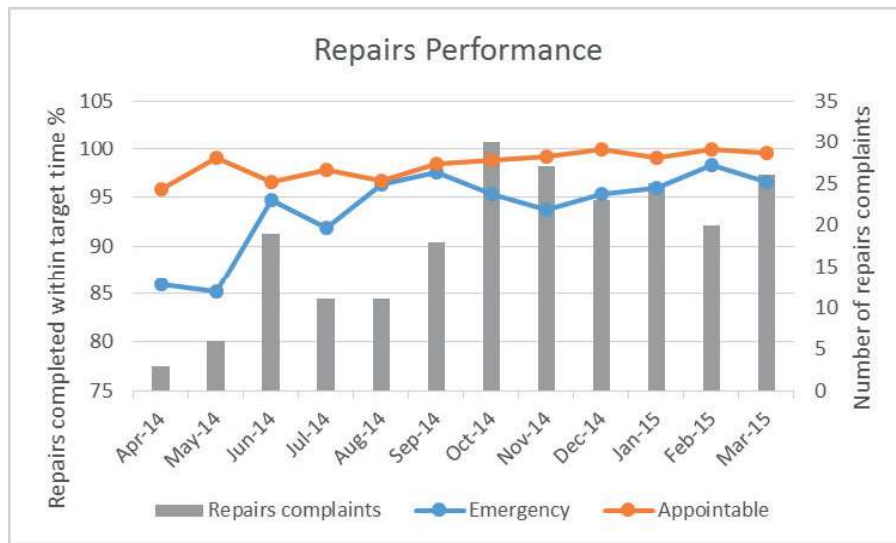


Figure 11: Repairs performance and complaints correlated

During the course of the year the number of complaints increased but started falling again in the last six months to March 2015 and this correlates with an improved consistency in meeting repairs timescale targets over the same period.

Arrears management: Our current tenant rent arrears of 2.85% at quarter 4 is in the upper quartile although slightly exceeding the sector median of 2.73%. We actively monitor arrears and have dedicated Income Officers who work with tenants to help them manage arrears and wherever possible sustain their tenancies.

Arrears management – bad debt write-offs: When comparing against our select peer group our rent arrears write-off of 0.31% of rent due appears high and falls into the lower quartile. However, when compared to the whole sector 0.31% falls between the median of 0.45% and the upper quartile of 0.22%. This could indicate that other similar sized organisations have lower bad debt write-offs and this potentially indicates an area which could be examined further. However it is recognised that we take a very prudent approach to aged debtors and this could be an explanatory factor in the variance to peers.

Void management: Our re-let times are in the upper quartile in relation to both the whole sector and our select peer group. Our monthly performance monitoring includes detailed review of re-let times by tenure as well as showing the number of void days for specific properties and schemes so that these can be effectively monitored, trends identified and actions taken where required.

Value for Money self-assessment

Customer contact centre: HouseMark performance data has highlighted that the time taken to answer customer calls exceeds that of comparators:

	Time taken to answer telephone calls (seconds)			
HouseMark 2014/15	Whole sector	Placeshapers (East region)	Select peer group	BHA performance
Upper quartile	13.06	8.70	14.00	46.50
Median	22.00	13.00	22.49	
Lower quartile	39.00	43.25	28.30	
Sample size	156	7	5	

We have experienced significant performance issues with our telephony provider during 2014/15 which directly impacted on our ability to answer customer calls. Our business continuity plans were successfully brought into force on each occasion and the issue was actively addressed and resolved over a period of months. At the end of the financial year we implemented new software and a new telephony system which will provide more detailed performance information during 2015/16 than was previously available. This will enable us to effectively monitor more detailed information in relation to the customer service that we provide.

However, it is also important to note that the time taken to answer a call is also intrinsically linked to our aim to resolve the reason for the call rather than simply take brief details and return a call to the customer later. This increases the duration of calls and therefore the availability of a customer service advisor for the next call. It should also be noted that our call abandon rate remains low.

Tenancy management: The number of evictions in 2014/15 appears high in comparison to our comparators. This is indicative of changes in the political and economic environment in which we operate. We have taken steps to strengthen our tenancy support team during 2014/15 but this is an area which we will continue to monitor.

	Evictions due to rent arrears as a percentage of all tenancies			
HouseMark 2014/15	Whole sector	Placeshapers (East region)	Select peer group	BHA performance
Upper quartile	0.19	0.16	0.17	0.82
Median	0.37	0.28	0.53	
Lower quartile	0.51	0.38	0.82	
Sample size	221	8	5	

Figure 16: Tenancy terminations – evictions due to rent arrears

Value for Money self-assessment

Customer satisfaction: We undertake regular surveys known as ‘Your Opinion Matters’ to measure how satisfied customers are with the service that they received. The questions used in the survey are consistent with those set out in HouseMark’s Survey of Tenants and Residents (STAR) and enables us to carry out external benchmarking.

In 2014/15, we received 1,056 responses compared to 827 in the previous year. The trends indicate that overall 77% of those surveyed were satisfied with the quality of services provided by us. This represented a minor change of 1% in satisfaction rates from 76% in 2013/14. This compares well to the sector average of 80%⁴. Customer satisfaction rates are regularly reviewed and trends are monitored by our Frontline Panel.

4.0 Assessment of value for money gains

4.1 Progress against prior year commitments

In our 2013/14 VfM self-assessment we reported a number of plans for gaining future VfM gains. Our progress against these commitments is highlighted below:

Commitment	Status (as at 31 March 2015)
<ul style="list-style-type: none"> To ensure that the Board review of progress against all areas of the Corporate Strategy, including VfM, would be undertaken on a six-monthly basis going forward (after the March 2014 review that was reported in the 2013/14 VfM self-assessment). 	<ul style="list-style-type: none"> The Board received and discussed a detailed report of progress against delivery of each of the nine strands of the Corporate Strategy during 2014/15 at its meetings in October 2014 and May 2015.
<ul style="list-style-type: none"> To continue actively engaging with SHIFT and CROHM to maintain accurate data on our properties to inform investment and disposal decisions. 	<ul style="list-style-type: none"> The practice of reviewing properties as they become void is being formally documented within a Disposals Policy, which incorporates a review of all properties falling below a rating of C when they become void.
<ul style="list-style-type: none"> To evolve a structured approach to measuring social benefit of the services we provide. 	<ul style="list-style-type: none"> Initial steps have been taken during 2014/15 towards accomplishing what is recognised as a longer-term aim. A workshop was delivered to staff by Baker Tilly (our internal audit provider) outlining approaches to measuring social impact. This has resulted in a greater awareness of capturing potential benefits when developing remits for formal projects. Our future plans to continue this work are outlined in section 4.5.

⁴ Source: (HouseMark STAR benchmarking service analysis of findings 2013/14)

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Commitment	Status (as at 31 March 2015)
<ul style="list-style-type: none"> To continue to research how a higher capital build standard has a long term impact on; rent arrears; void costs; lifetime costs of future maintenance and replacement cycles; and reduction of fuel poverty. 	<ul style="list-style-type: none"> During 2014/15 we have continued to monitor energy efficiency gains in our four PassivHaus properties. Initial indications have shown that there are considerable energy gains but the extent to which these are realised is dependent on behaviour and lifestyle of tenants. We also acknowledge that flowrates of air through the properties could be improved and this is being investigated.

4.2 2014/15 value for money gains

We are pleased to report a number of areas where VfM gains have been achieved during 2014/15. Alongside this we also recognise that there will always be ways in which operational activities can be continuously improved to maximise VfM gains and these are also outlined below in section 4.3.

Planned maintenance: The materials cost of kitchen and bathroom replacements has been reviewed and through a combination of procurement changes and cost engineering the average cost per unit has been reduced:

- Kitchens - by 13% to an average £3,031 per property (average saving £437 per kitchen)
- Bathrooms – by 29% to an average £1,747 per property (saving £721 per bathroom)

Kitchen installations: The Operative Improvement Team, working with the Tenant Estate Forum, reviewed the supply chain for kitchen installations. In addition to the material cost savings shown above, the changes have resulted in efficiency gains in respect of labour time. The average kitchen installation now takes 48 hours down from the previous average of 72 hours.

EPC Reviews: Our surveying team attended a Domestic Energy Assessment training course and have all qualified as Domestic Energy Assessors. We can now carry out all Energy Performance Certificate Surveys in-house, resulting in a cost saving of approximately £25k per year.

4.3 Areas for continued improvement

Development: The development of new homes has been much reduced during 2014/15 due primarily to lower grant rates offered by the HCA. It is recognised that compared to the sector our development performance is towards the lower quartile. HouseMark data shows:

- Standard units developed as % of stock – 0.23 versus sector lower quartile 0.13
- Affordable units developed as % of stock – 0.23 versus sector lower quartile 0.04

However, significant work was undertaken during 2014/15 towards future schemes which are detailed in section 4.5.

Value for Money self-assessment

Best Companies: In 2014/15 there was a slight downward trend identified and we scored 652.8 points (648.7 in 2013/14). Analysis of the outcomes indicated a need to invest in the development and training of management staff specifically. This staff group has since undertaken training on the Franklin Covey 7 Habits of Highly Effective People. It has also been recognised that we could do more in terms of staff engagement, particularly with regard to providing feedback on corporate surveys such as Best Companies.

Performance: Section 3.7 sets out the insight we have gained into our relative performance from undertaking benchmarking analysis. The areas for improvement highlighted will continue to be monitored.

4.4 Social benefit

Apprenticeships: We have doubled the number of apprentices in 2014/15 to four. In addition a skills shortage has been recognised within Broadland Repairs Service and there is an organisational commitment to appointing two further apprentices each year for the next three years. This will not only improve the repairs service to tenants but will also secure work for people who may currently be unemployed.

Tenancy Support Workers: The Frontline organisational restructure enabled an investment in increasing capacity within our tenancy support team. In response to changes in the welfare system we have reviewed the referral criteria to include a 'mandatory' referral for new customers who have not previously held a tenancy of any kind. This offers assistance in managing utility bills, budgeting and claiming benefits and helps ensure that tenancies are sustainable. We have assisted 184 tenants with a further 83 currently receiving support.

4.5 Future plans

Our priorities for exploiting opportunities for future VfM gains are outlined below:

Staff ideas: A staff survey on value for money was undertaken in May 2015 and the outputs from this will be collated and analysed. Work will be undertaken during 2015/16 to explore ideas put forward by staff in relation to achieving future VfM gains based on their experiences of delivering our services to tenants.

Planned maintenance: Following on from the VfM gains achieved in reducing the cost of kitchen and bathroom re-fits, focus is now moving to gas heating systems to explore the opportunities for further reductions on transactional costs.

Measuring social benefit: Our commitment to measuring social benefit remains strong and is being increasingly explored within Corporate and Directorate projects. This will enable us to develop more sophisticated data to quantify the benefits to tenants of the services we deliver and the improvements to those services that we achieve through our improvement projects.

Measuring social impact: A decision has been taken to contract external advisors to undertake a comprehensive study of social impact of our proposed developments in North Norfolk to accompany our planning applications.