VALUE FOR MONEY SELF ASSESSMENT

2018 - 2019

The Wrekin
Housing Group

Contents

The Wrekin Housing Group

1. Introduction

1.1 This Value for Money (VFM) Self-Assessment provides a critical analysis of achievements in 2018/19 for The Wrekin Housing Group, and demonstrates our accountability to all customers and stakeholders, including our regulator, local authorities and other partners.

1.2 We include a summary of our overall approach and achievements, focusing on measurable outcomes and those that are harder to measure but nevertheless add social value for our residents and local communities.

1.3 A summary of our VFM performance together with the eight value for money metrics required by the Social Housing Regulator under the revised VFM Standard are included in The Wrekin Housing Group Statutory Accounts for 2018/19. A copy of this self-assessment report is available on our website at http://www.wrekinhousingtrust.org.uk This document is also available to residents via our Annual Report to Tenants, available on our website or in hard copy on request and in a range of formats.

1.4 During 2017 a review of the Group structure was undertaken to simplify that structure and improve scrutiny and oversight from the Group Board across all areas of the business. Implementation of the revised group structure began during 2018/19 and was completed on 29th April 2019.

1.5 The 2017/18 self-assessment included information relating to all entities within the Group. However, due to the timing of the group structure changes described above, the financial information contained within this self-assessment reflects the audited statutory accounts of the Wrekin Housing Group Limited and therefore does not include financial information relating to Choices Housing Association, Shropshire Housing Alliance, FUSE and South Shropshire Furniture Scheme. In certain instances, separate figures are identified which show the financial performance of this wider group, to enable a direct comparison with previous years to be made.

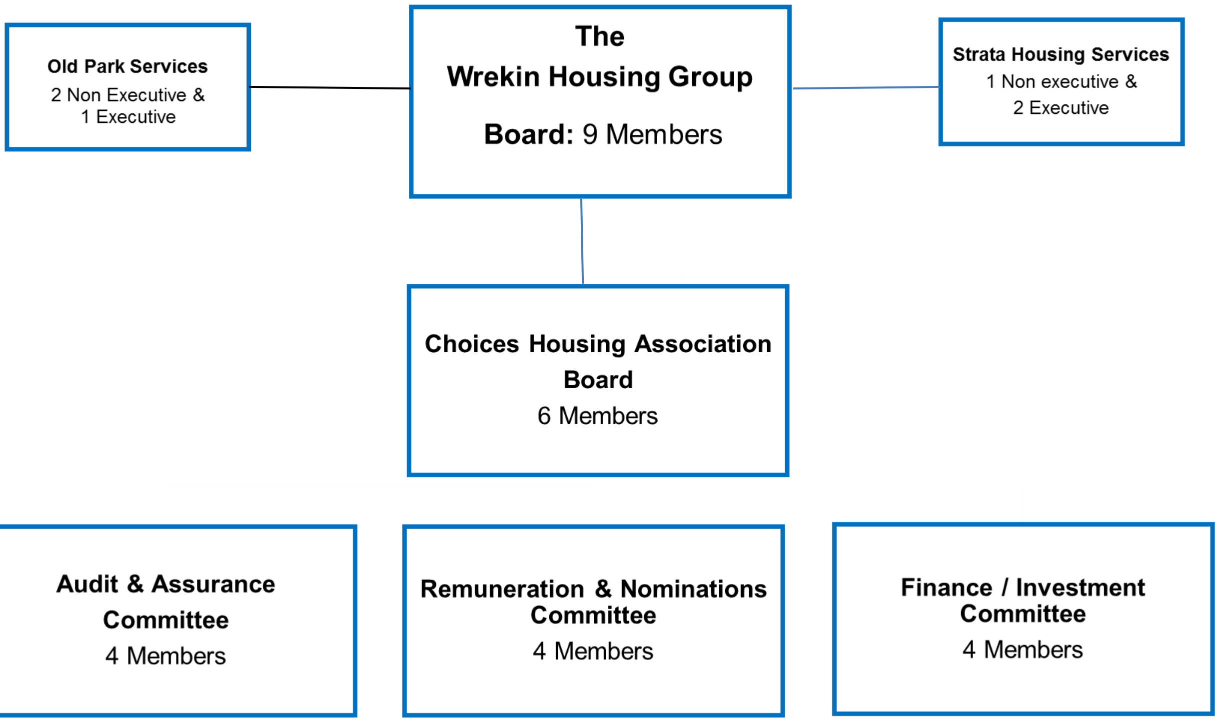
2. Operating Context & Scope

2.1 On 31st March 2019 The Wrekin Housing Group owned a total of 12,662 rented homes and 677 leaseholder properties in which it retains the freehold interest. This total number of properties (13,339) reduced slightly from 2018 (13,457). However, the reduction was due to the fact that the Group made net disposals of the freehold interest in 151 properties during 2018/19 that had previously been sold to leaseholders. These disposals are part of a strategic programme to dispose of the residual freehold interest in flats where the Group no longer owns any rented units in a block and therefore does not receive any significant income from them. Once this point has been reached in a given block it is more efficient to dispose of the freehold interests than to retain them. In 2018/19 there was actually a net increase of 33 in income-generating rental properties. The Group also owned over 2,000 garages at the end of 2018/19. The Group's properties are located across Telford and Wrekin, Shropshire, Herefordshire, Staffordshire and Wolverhampton. The breakdown of properties is shown below:-

Category	Count
General Needs	9,658
Intermediate	557
Supported	2,050
Market Rent	127
Shared Ownership	235
Business Lets	35
Grand Total	**12,662**

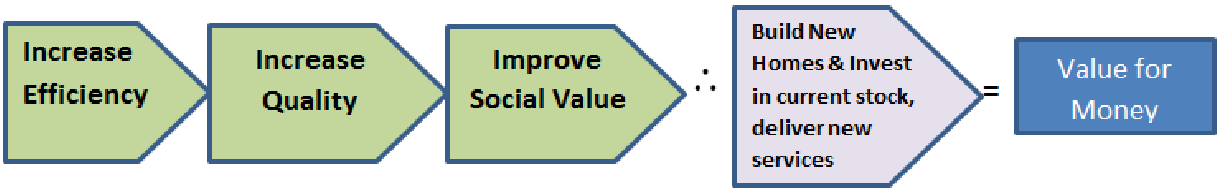
2.2 The **Group**

The Group structure:-



3. Approach to Value for Money

3.1 Our approach to value for money is set out within our Value for Money Strategy and depicted below:-



The main strands of the Group Value for Money Strategy as shown above are set against the backdrop of increasing pressures in the business areas in which the Group operates, which include:

- The ongoing effects of rental income reductions
- Reduced availability of grant funding to fund the operation of non-housing services
- Continuing impact of welfare benefit reform and the universal credit rollout and the legacy roll out which will commence in 2019
- Shortages of skilled and experienced staff, particularly in nursing and care services
- Increased focussed on health and safety
- The Housing Green Paper Action Plan
- The Together with Tenants Initiative
- Climate change
- Brexit uncertainty
- Re-financing

The Group Board reviewed the existing Strategy in July 2019 which runs from 2018-21.

The 2018-21 VFM Strategy can be found on the Group's website.

4. The Story so Far

The Wrekin Housing Group

In 2018/19 the Group's consolidated turnover (after eliminating intra-group items) was **£82.37m** and it generated an operating surplus of **£29.67m.**

The inclusion of figures for Choices and the wider group increases turnover to £95.68m and operating surplus to £30.15m.

As an organisation committed to quality, our objective, as a minimum, is to achieve improvements in financial performance without any loss of quality but, where possible, to continue to improve the quality of service as well. We have developed a Systems Thinking approach to achieve this and this is generating real results throughout the organisation, achieving both cost savings and quality enhancements. The Systems Thinking approach supports the delivery of the Value for Money Strategy particularly effectively, providing challenge and focusing as it does on the removal of waste and duplication in processes and procedures. In addition to this we have fine-tuned our procurement activity to control or reduce costs. As part of this, wherever it has been cost effective to do so, we have brought services in-house, which means we gain a VAT saving on labour costs while having greater control of the quality and delivery of the process. We have also continued to develop our approach to achieving Social Value, generating as much value as we can from the core work that we do.

The table below shows what has been achieved in the last five years (figures for all years relate to the wider group including Choices etc.).

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m
Turnover (inc. surplus on property disposals)	83.13	87.60	86.15	97.16	95.68
Operating surplus (per annual accounts)	30.42	29.38	27.34	33.46	30.15
Operating surplus (before depreciation)	39.21	39.16	38.12	44.99	41.79
Operating surplus % (before depreciation)	47.2%	44.7%	44.2%	46.3%	43.7%

The operating surplus before depreciation is the best measure of the Group's financial success in its day to day operations as the depreciation charge is a non-cash item (and therefore not part of the Group's loan covenant calculations). It is driven by past investment decisions, including the continuing impact of implementing component accounting, rather than current day to day operations.

Based on this measure it can be seen that the Group broadly maintained its high level of operating surplus during a period of rapid growth, when its turnover increased by 15% between 2014/15 and 2018/19. It also covered a period when the Group made major investments in new areas of business, such as Extra Care and dementia care. At the same time it has had to cope with the impact of rent reductions, other funding pressures, cuts and increased pressure on pay and other costs.

The fluctuations in operating margin percentages are affected by changes in volumes of property disposals over the five year period, as surpluses on property disposals are now included within turnover in the annual accounts, from the 2018/19 accounts onwards, and the figures in the above table for earlier years have been restated on that basis. For example, the reduction in the operating surplus measure for 2018/19 as compared to 2017/18 is entirely due to there having been a lower number of property disposals in 2018/19 (and therefore a lower figure for surplus on those disposals included in the voerall figure). If those disposals are excluded, the operating margin on ongoing operating activities actually increased, as is shown in section 5.3 below, as the regulatory measure of operating surplus is calculated excluding such disposals.

5. Performance against the 2018/19 VFM Strategy Metrics

5.1 VFM Standard metrics – Reinvestment & supply

Metric	2019	2018
Reinvestment	6.2%	8.4%
New Supply Delivered (Social Housing)	1.8%	4.4%
New Supply Delivered (Non-Social Housing)	0.0%	0.1%

The metrics measuring reinvestment and the delivery of new housing supply have reduced slightly in 2018/19. The two categories of expenditure that influence the reinvestment metric are spend on new development and spend on the improvement of existing property via the capitalised major repairs programme. Activity on the development programme has reduced this year as the peak of the current programme has passed and the Group came closer to using the remaining available capacity under its existing loan facilities, and this has obviously also affected the new supply metric.

Expenditure on improvements to existing properties has been maintained at similar levels to previous years, with spending of £6.6m in 2018/19 (2017/18: £6.3m). As a result of sustained investment over a number of years 99.8% of the Group's properties continued to meet the Decent Homes Standard (all stock apart from 30 properties earmarked for redevelopment or sale under the Asset Renewal Strategy), as has been the case every year for the last 10 years.

During 2018/19, the development programme delivered predominantly affordable rent properties with a total of 233 new homes completed, including114 provided through s106 agreements. The Group plans to complete 263 more homes by March 2020, and a total of 3,923 new homes over the next five years, based on the successful completion of the current refinancing exercise.

In 2017/18 the Group added a small number of properties to its market rented portfolio. No development of this type was undertaken in 2018/19.

Whilst the 'Reinvestment' and 'New supply delivered' metrics have reduced they are still towards the higher end of the sector. Three consecutive years of growth in new supply of 5.3%, 4.4% and 1.8% is a considerable achievement. The Group has been named among the top 50 developers among social housing providers in terms of annual growth in percentage terms in each of the last 3 years.

Benchmark: 2018 example

Metric	2018					
	Wrekin	**Flagship**	**Jigsaw Homes**	**One Vision**	**Yarlington**	**WDH**
Reinvestment	8.40%	6.70%	6.10%	14.28%	5.30%	7.12%
New supply delivered (social housing)	4.40%	1.16%	0.70%	1.10%	1.40%	1.00%
New supply delivered (non-social housing)	0.10%	0.05%	0.00%	N/A	0.00%	0.00%

5.2 Gearing & Interest Cover

Metric	2019	2018
Gearing	62.9%	63.8%
Interest cover	133.5%	136.1%

The gearing metric improved in 2018/19 despite the fact that significant development activity was still undertaken during the year. This is because the considerable level of out-performance achieved against the 2018/19 budget has been reinvested into supporting the delivery of new homes, meaning that lower levels of drawdowns have been required against the Group's loan facilities, extending the life of those facilities. The interest cover metric declined slightly in 2018/19 as a result of additional pension costs being accounted for as a result of the McCloud case.

The Group's Asset Renewal Strategy continued during the year, under which, by means of its net present value model, older uneconomic properties or those that are in low demand are identified and sold. The proceeds are then reinvested, along with some grant funding and bank borrowing, to build new homes. Since the start of the strategy in 2005/06, 1,909 properties have been sold, generating proceeds of just over £132m. Over the same period 4,532 homes have been developed or acquired from other providers, which represents 2.37 new homes for every old property sold. (See Active Asset Management section)

The Group is now on track to complete its refinancing exercise on 22 October 2019, which will deliver additional funds for further new development and significantly reduce the long term cost of debt for the organisation.

5.3 Financial Metrics

Metric	2019	2018
Social Housing Cost Per Unit	£3,343	£3,269
Operating Margin (Social Housing Lettings)	36.0%	35.7%
Operating Margin (Overall)	26.3%	26.2%
Return on Capital	4.8%	5.5%

The metric for social housing cost per unit has only shown a small increase in 2018/19, which is a small decrease in real terms, consistent with the Group's success in mitigating the effects of the annual rent cuts by successfully reducing operating costs wherever possible. Some upward pressure on this measure came as a result of the full year impact of the extra care schemes that opened during 2017/18. These schemes provide high levels of service-chargeable services to their tenants, which increases the average unit cost of services slightly. These additional service costs are of course recovered through service charges to tenants, but this fact is not reflected in the calculation of the social housing cost per unit metric. As noted above with reference to the interest cover metric, there has been some additional upward pressure on this metric as a result of the need to make an adjustment to pension costs as a result of the McCloud case.

Operating margin metrics have improved in 2018/19 as a result of continued tight budgetary control and out-performance against the 2018/19 budget.

The measure for return on capital has reduced slightly in 2018/19 due to a combination of the factors described above.

Benchmarking 2018:

Metric	2018					
	Wrekin	**Flagship**	**Jigsaw Homes**	**One Vision**	**Yarlington**	**WDH**
Social housing cost per unit	£3,269	£2,586	£3,403	£3,233	£3,585	£2,986
Operating margin (social housing lettings)	35.70%	46.50%	25.60%	16.75%	37.40%	36.60%
Operating margin (overall)	26.20%	41.80%	29.00%	17.95%	23.80%	31.70%
Return on capital	5.50%	4.00%	4.40%	7.22%	3.20%	6.50%

5.4 VFM Strategy Metrics: Satisfaction

Metric	2018/19	2017/18	2016/17
Overall satisfaction with landlord (Star survey)	**92%**	**94%**	**98%**

During the last two years we have been reviewing customer feedback and trialling different methods of conducting the STAR survey while using a consistent 5 point question scale, including postal survey, text survey and email surveys as alternatives to the usual ongoing telephone survey. It is generally recognised that telephone surveys produce higher results than methods that do not involve direct contact with the tenant and this showed in 2017/18, which included both a postal and text survey, and 2018/19, which included two email surveys. In addition, 2018/19 figures were impacted negatively by the lower results generated in Quarter 4 due to issues with the implementation and bedding in of the new repairs scheduler.

The Housemark Sector Scorecard 2018 shows that we continue to be in the top quartile when benchmarked nationally across the sector.

Source: Housemark Sector Scorecard 2018

Other general STAR survey landlord satisfaction is shown below:-

Category	2018/19
Satisfaction that they get value for money for their rent	**90%**
Satisfaction with being treated fairly and with respect	**90%**
Satisfaction with views being listened to and taken into account	**73%**
Satisfaction with the neighbourhood as a place to live	**83%**

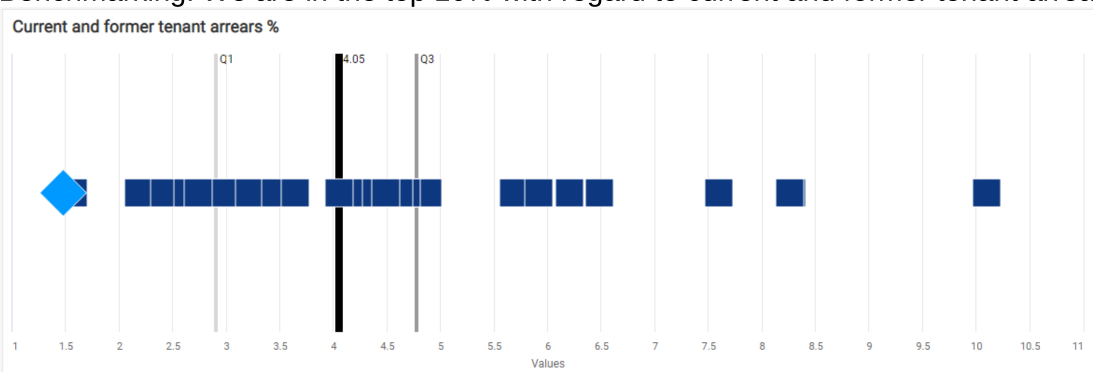
5.5 VFM Strategy Metrics: Income Management

Metric	2018/19	2017/18	2016/17
Social Housing Rent collected as a % of rent due	**101.0%**	**100.6%**	**99.8%**

Despite the introduction of Universal Credit and other welfare reforms, our income management performance remains strong. Current rent arrears as a percentage of the rent debit have also reduced from 0.86% in 2017/18 to 0.39% in 2018/19.

We continue to prepare for the future roll out of legacy benefits to Universal Credit with 92.9% of tenants having a clear rent account at year end (either a zero balance owing or in credit) and the number of people paying by direct debit increasing from 56% to 57.1%.

Benchmarking: We are in the top 10% with regard to current and former tenant arrears %.



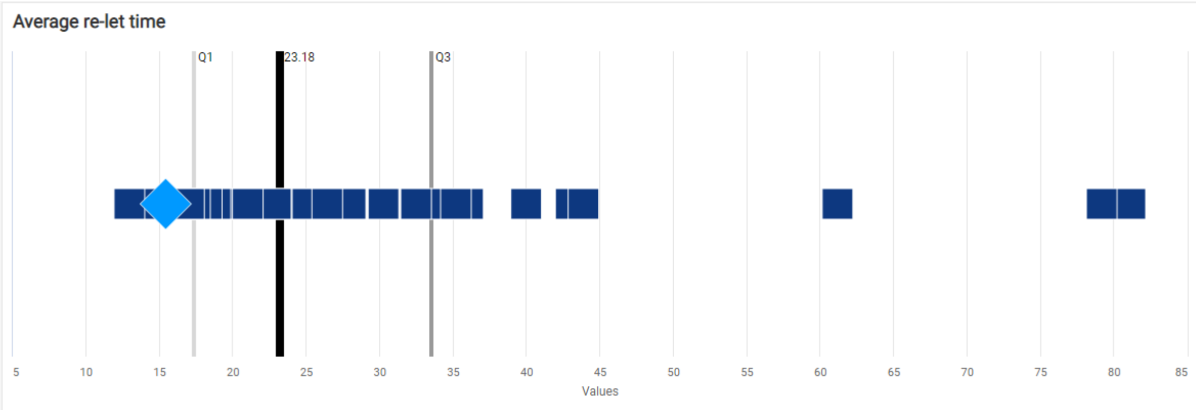
Source: Housemark 2018 benchmarking results.

5.6 VFM Strategy Metric: Social Housing Occupancy

Metric	2018/19	2017/18	2016/17
Average relet time – social housing	15.31 days	15.41 days	14.09 days

There has been a slight positive movement in this metric over the year. Satisfaction with the relet process remains high at 9.77/10 and the average void cost has reduced by £290 since 2015/16 to £980 per property.

Benchmarking: We continue to be in the top quartile in terms of average re-let times.



Source: Housemark 2018 benchmarking results.

5.7 VFM Strategy Metric: Repairs & Maintenance

Metric	2018/19	2017/18	2016/17
% Responsive repairs completed the same day	79.3%	85.2%	85.0%
% gas servicing completed or within the no access process	100%	100%	100%

The main reasons for the repairs performance having dipped compared to previous years are as follows:-

- This was the first full year since we extended our hours of operation for the Same Day Repairs Service, so that from 08:00 to 20:00 (Monday through to Sunday), tenants can report their repairs, and have us attend, at times that may be more convenient for them. This naturally meant the stretching of our resources over a longer time frame.
- We also decided to increase the frequency of Fire Risk Assessments of communal areas of flats so that we can deal with necessary maintenance issues more speedily.
- In December 2019 we introduced a new scheduler system which had some initial teething problems. These have now been resolved.
- We retained seven vacancies within the trades team so that seven of our apprentices could be offered permanent ongoing employment with us, maximising the benefits of our investment in their training and development over the last two years.

We have now adjusted our resource levels to better manage these increased demands, and all of these issues have now been addressed. The impact of these pressures has continued into the first few months of the current financial year but performance has improved as of the end of September 2019.

The overall speed of our repairs service continues to be sector leading.

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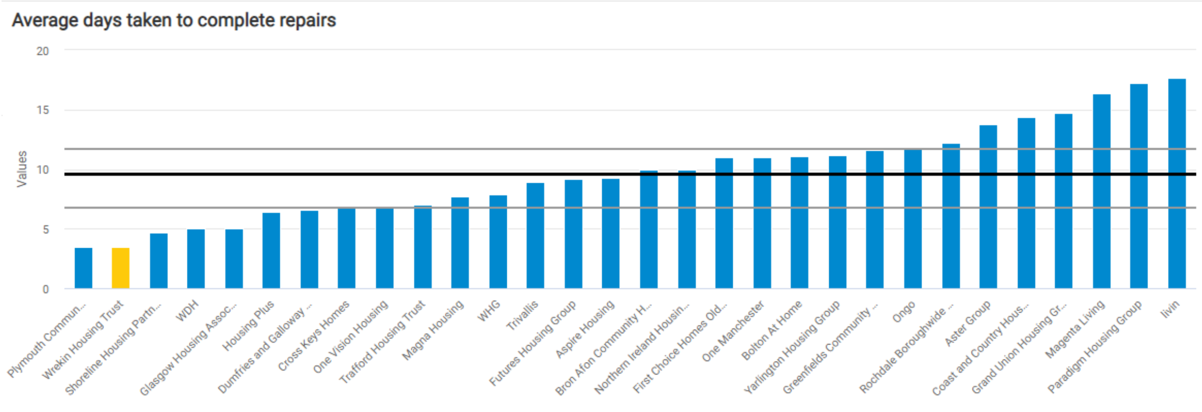
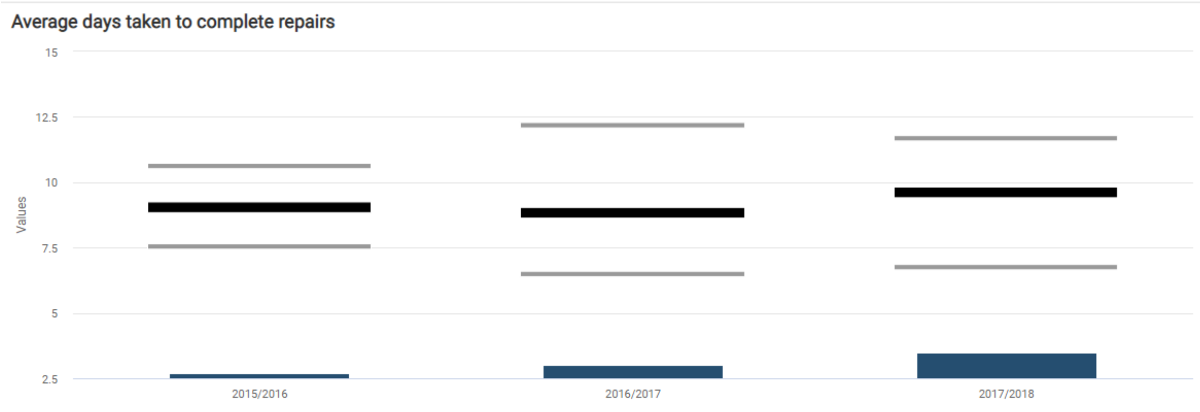
Benchmarking: Speed of repairs.





The table below shows the whole effect of our improvements in our repairs service over time:-

	Appointment System	2012/13 'Same Day'	2016/17 '8-2-8'	2018/19 'Year End'
Repair Jobs	54,465	39,440	40,902	45,183
Completion Performance	15 Days	88%	85%	79.3%
Jobs Not Done Same Day	-	8.4 days	7.7 days	6.2 days
Customer Satisfaction	93.5%	94.8%	91.2%	94.4%
Annual Cost of Delivery	£6.19m	£6.13	£5.84m	£5.73m

While there has been an issue with repairs completed the same day in the last quarter of the year, satisfaction with repairs remains high. Satisfaction with repairs just carried out was 94.4% for 2018/19 and overall satisfaction with repairs and maintenance was 91%.

Gas servicing performance remains strong for the 8th year running with 100% of properties having a valid gas certificate or in the no access procedure.

5.8 VFM Strategy Metric: Care & Support

Metric	2018/19
To achieve 'good' ratings in all Care Quality Commission inspections	100%

Scheme	Report Date	Overall Judgement	Is the service safe?	Is the service effective?	Is the service caring?	Is the service responsive?	Is the service well-led?
Community Drive	22/12/18	🟢	🟢	🟢	🟢	🟢	🟢
Cowley Way	21/12/16	🟢	🟢	🟢	🟢	🟢	🟢
Dairy Close	20/10/17	🟢	🟢	🟢	🟢	🟢	🟢
Greenbrook Court	13/03/19	🟢	🟢	🟢	🟢	🟢	🟢
Heath Street	17/10/17	🟢	🟠	🟢	🟢	🟢	🟢
High Lane	21/08/18	🟢	🟢	🟢	🟢	🟢	🟢
High Street	17/12/15	🟢	🟢	🟢	🟢	🟢	🟢
Holdcroft Road	09/01/19	🟢	🟢	🟢	🟢	🟢	🟢
Hoveringham Drive	09/01/19	🟢	🟢	🟢	🟢	🟢	🟢
Lifestyles	17/11/16	🟢	🟢	🟢	🟢	🟢	🟢
Limewood	17/10/18	🟢	🟠	🟢	🟢	🟢	🟢
Mount Pleasant	25/08/17	🟢	🟢	🟢	🟢	🟢	🟢
Norton Avenue	28/07/18	🟢	🟢	☆	🟢	🟢	🟢
Stafford Avenue	21/03/19	🟢	🟢	🟢	🟢	🟢	🟢
The Lodge	27/05/17	🟢	🟢	🟢	🟢	🟢	🟢
West Street	11/01/18	🟢	🟢	🟢	🟢	🟢	🟢
William Street	15/11/18	🟢	🟢	🟢	🟢	🟢	🟢

CQC Rating	Description
☆	**Outstanding** – Service is performing exceptionally well.
🟢	**Good** – Service is performing well and meeting expectations.
🟠	**Requires Improvement** – Service is not performing as well as it should and we have told the service how it must improve.
🔴	**Inadequate** – Service is performing badly and we've taken enforcement action against the service provider.

6. Maximising Resources and Delivering Efficiency Savings

6.1 An overall net saving of **£1.983m** was achieved within operating cost budgets and the operating surplus was **£2.861m** better than budget. This additional surplus alone could potentially fund up to **65** new homes. The overall surplus for the year, including surpluses on asset disposals, treasury costs and gift aid, was **£9.458m,** some **£5.965m** better than budget.

6.2 Loan Covenants: Strong financial performance over the last few years has had a positive impact on loan covenant compliance. High levels of surplus have meant that the interest cover covenant has been met with ease, and that loan drawdowns have been lower than planned, extending the life of the current loan facility as the surpluses are reinvested in development activity. Good financial results also help to sustain strong property valuations, meaning that the asset cover ratio is also met with room to spare, generating additional capacity for the future.

	2016	2016	2017	2017	2018	2018	2019	2019
Ratio	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Interest Cover Ratio	1.04	1.36	1.22	1.63	1.20	1.76	1.24	1.51
Asset Cover Ratio	110%	144%	110%	125%	110%	124%	110%	144%

6.3 Value for money and efficiency continue to be firmly embedded within the business. Over recent years activity has been concentrated on the major areas of expenditure in the organisation, such as repairs and maintenance, asset management and capital improvements, housing management and development. These were all areas where fundamental changes were made to the way services are delivered, which have yielded long term savings, whilst consistently maintaining performance, quality and satisfaction. This has been supported by reviews of back office services to yield further improvements. Some of these major initiatives have included:

- the Rapid Response repairs service, which has seen nearly 80% of all responsive repairs completed on the day that they were reported in 2018/19 and which has been extended to the gas maintenance service. During the year a new in-house scheduling system has been introduced which in the long term should improve the speed of non-rapid repairs and create further efficiencies;
- fundamental changes to lettings procedures to ensure that tenants are moved in to appropriate properties and are supported in the early part of their tenancy, increasing the chances of them being able to sustain their tenancy and reducing the costs of tenancy turnover, thus releasing funds for other services;
- the pioneering Asset Renewal Strategy introduced in 2005, whereby older, uneconomic properties are identified and sold, reducing long term maintenance costs and providing funding for new homes. This has enabled the organization to continue to produce 2 new homes for each old one disposed of and achieve a national ranking on the Inside Housing Top 50 Builders list; and
- pro-active reviews of our service offers to older people and those who need support to mitigate the risks that were associated with the reduction of Supporting People income and the increased demand for services. This has included new models of provision with a significant number of extra care homes now being provided under the ShireLiving brand.

6.4 In terms of the most recent activity, here are just some examples of the efficiencies and savings made during the 2018/19 financial year, some of which will continue into future years. Some of these are more significant in financial terms than others, but the variety of activity across many teams and service areas highlights the fact that the value for money culture is embedded across the organisation:

a. Housing Management: Income Management

With over 1,000 tenancies now on Universal credit, the teams have collected an additional £3m with the same resources while continuing to improve performance.

At year end 54.5% of tenants were in advance of their payment plans (i.e. in credit) helping them to become more financially resilient. Direct debit payments increased from 56% to 57.1% in 2018/19 and have increased to 63% since the year end, saving a further estimated £8k a year in collection costs.

A further £10k has been saved during the year through streamlining management arrangements and this will generate a £40k saving in 2019/20.

b. Housing Management: Letting and Managing Homes

Housing Management: Recognising that some of our costs were high in this area, a systems thinking review of the relet and management of empty homes and the resulting restructure of processes continues to generate cost savings of £405,469 p.a. ongoing.

This change is an example of how the organisation balances cost, performance and quality to achieve optimum Value for Money. The new relet process delivers the above financial savings, but also a more customer driven, streamlined process that has removed waste, whilst improving service delivery and accountability to our customers. This has seen a reduction in the average void cost from **£1,270** in 15/16 to **£1,004** in 17/18 and **£980** in 2018/19 – a reduction of **£290** per property.

As the new process is based on customer-focused, sustainable tenancies we have accepted that this might mean losing our very high performance on average re-let times, as all properties have to be 'ready to live in' rather than just ready to let.

However, we are pleased that the initial adverse impact of this has been reversed, with average relet times actually reducing, from an average of **16.59** days following the change to an average of **15.41** days in 2017/18 and **15.31** days in 2018/19, maintaining top quartile performance.

c. Managed Services Unit: Contact Centre

During the year the Contact Centre extended its opening hours (which were previously 8am to 6pm Monday to Friday and 8am to 12 noon on Saturday) to 8am to 8pm seven days a week, with no additional resources. This is now a platform to develop this service further.

d. Managed Services Unit: Repairs

- Achieved an operating cost reduction of 2.5% compared to the previous year.
- Just over £1m was saved in the repairs and maintenance budget (including gas servicing) in 2018/19, adding to previous savings made since the introduction of the Same Day Repairs service and other improvements in 2011/12.
- Achieved an external contract surplus of £290k (17.8%), the largest since trading began.
- Achieved a future annual saving of £130k on fleet procurement.
- Through transferring existing racking in vans to new vehicles a £1k saving per vehicle was achieved, which equates to £78k in the first tranche and £62k in the second tranche of the latest vehicle procurement exercise.
- £52.5k projected annual saving through the recent re-procurement of electrical supplies.
- Saving £15k within the drainage contract while increasing the scope of work provided by the contractor including a CCTV health check of all drains prior to new development handover.
- **Handyhelp Service:** Established in 2016/17 this service has now built to £177k turnover. In 2018/19 Handyhelp generated a £4.6k surplus.

Some of these savings are being re-invested into enhancing compliance and other work, so doing more with less.

e. Property Team: Capital Improvement Contract Management: The majority of our capital improvement contracts are annually renewable based on contractors' performance and their ability to manage costs. We delivered the capital improvement and major repairs programme in line with budget during the year, whilst delivering **2,962** property improvements against a budgeted number of **2,599,** a 12% increase.

f. Property Team: Development

As part of systems thinking and a review of the team structure an annual ongoing saving of **£264k** has been achieved within the Development Team budget through a rationalisation of roles. One of the additional outcomes of the systems thinking review was a change in the resolution of minor defects reported once the tenant has moved in. These are now being resolved by the Group's rapid response maintenance team on a same day basis, rather than the customer waiting for the contractor to resolve them, which in many cases took a long time. This is providing new customers with a far better service. Larger defects and those that will affect the building warranty are still referred to the contractor.

g. Human Resources

£20k staff efficiency savings in the training department have been invested in the HR function to cover the additional responsibilities of managing the whole Group HR portfolio.

£5k a year has been saved through replacing a higher scale post with a lower scale post which still met the needs of the business.

A further circa £50k a year has been achieved with the Senior Management structure of the Team.

h. **Gas Servicing and Maintenance**: In 2011 it was costing us **£200** per property to manage service and maintain our heating systems. We have managed our costs well and the actual cost per property is now **£154** per property per year, with a 5 star type service with no exclusions. While this is considerably less than it was 8 years ago we are now starting to see costs rise in this area of work.

We have managed to reduce costs over the last five years, since transferring the service in-house, by:

- Reducing the average number of heating related repairs per year to a stable one repair per year, as shown below. This has been achieved as a result of a combination of an extensive boiler replacement programme and directing more resources to a thorough annual servicing programme to reduce the number of system failures and consequent costly repairs visits over the rest of the year;

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1.30	1.16	0.99	1.03	1.02	1.02

- Ensuring that, during 2018/19, **90%** of gas repairs have been attended on the day reported and **79%** of repairs actually completed on the same day.

i. **Finance Team:**

Treasury Management: A saving of **£710k** has been delivered against the budget due to the ongoing impact of an effective hedging strategy and prudent treasury management.

The team have also streamlined the Group accounting process providing higher quality standardised accounting systems across the Group.

j. **ICT contracts**: **£21k** in licencing costs have been saved through the development of our own in-house works scheduling IT system, implemented in December 2018, in addition to the **£30k** we would have spent on the required upgrade to the previous system.

k. **Housing advice, support and homelessness prevention:**

Through the prudent use of resources and increased productivity, **£90k** of efficiency savings were made during the year. The total debt including current rent arrears but excluding FTAs fell by £13,859, a 38.7% reduction and this has contributed to a 50k positive variance in terms of bad debt.

Former tenants also fell by over 12% which contributed to the reduction of the bad debt provision needed.

l. **The Furniture Scheme**

Rockspring Community Centre room hire income increased by £7,420 (55% increase from prior financial year). We continue to collect Bulky Waste and deliver replacement bins and boxes across Bridgnorth and South Shropshire. Income generated from this work increased by 20% to £11,552. Opting not to renew the lease of the site at Ludlow Mascall Centre helped deliver an efficiency saving of £19,232 on rent payments and enhance the visibility of the workshop. The workshop's operations have now been split between two existing premises (Renaissance and the Warehouse). This has also created a front facing workshop that is accessible to customers and widens our reach.

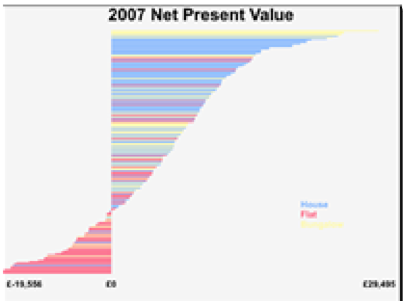
7 Return on Assets: Active Stock Management

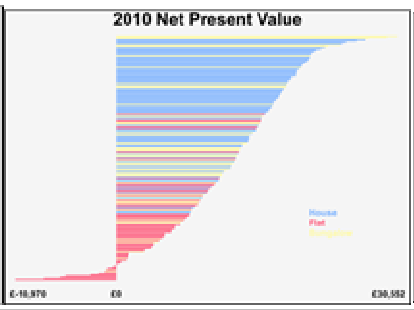
7.1 We started our active asset management journey in 2006, with a long term strategic plan to improve the return on our assets and we were one of the first providers in the country to adopt this approach. Using a Net Present Value (NPV) model, a large proportion of the stock was identified as being of negative value to the organisation in Net Present Value (NPV) terms.

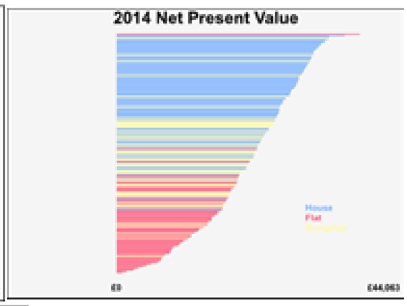
7.2 The Net Present Value model was then used as a major driver to support decisions about retention, improvement and disposal of properties to get the maximum return on our assets. During 2014/15 the Board agreed a revised Asset Renewal Policy for 2015–2020, and in 2015/16 this was aligned and incorporated within our updated Asset Management Strategy 2016–2020. Using the evidence from the NPV model, together with other information about our stock, a strategic review of the stock was undertaken to identify older uneconomic properties, those that are in low demand, or those that have a high capital value compared to their rental yield. These properties continue to be sold and the proceeds reinvested, along with some grant funding and bank borrowing, in the development of new homes.

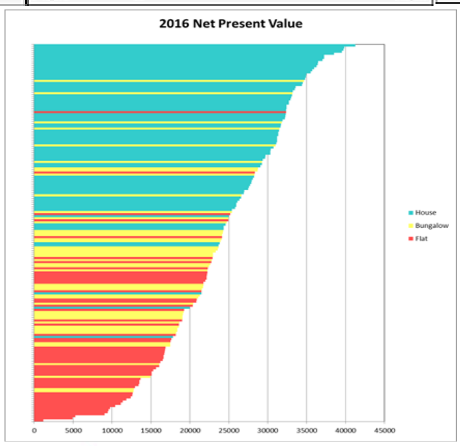
7.3 By 2010 we could see there had been a positive impact on the stock in NPV terms but were aware of a high concentration of flats that were either negative in NPV terms or only making a small surplus for the organisation. The strategic focus over recent years has therefore been on those properties, with the result that, by 2014, all categories of properties had a positive NPV. This position was confirmed by a further update of the exercise in 2016.

7.4 The graphs below show the improvement in positive NPV over time and demonstrate that all properties now lie in positive NPV territory. Over the period from 2006 to 2019 the average age of the Group's housing stock reduced from 45 years to 38 years.









The Wrekin Housing Group

7.5 Since the start of the Asset Renewal Strategy in 2005/6, **1,909** properties have been sold, generating proceeds of **£132.1m**. Over the same period, **4,532** homes have been developed or acquired from other registered providers, which represents **2.37** new homes for every old property sold. The home sold remains in place as a private sector home - thereby the one home effectively becomes three homes.

7.6 During 2018/19 a total of **157** homes were sold through our active Asset Management Strategy, **113** through asset renewal and **44** through the right to buy or acquire. If they had been retained and we had carried out the capital works required (not including void work or responsive repairs) to continue to meet decent homes, over the next 10 years, the cost to the Trust would have been in the region of **£2m.** The homes that will replace them will not require any capital works for a minimum of 10 years.

7.7 We added **233** homes to our own stock during 2018/19. In total we invested **£29.5m** on development during the year. Our current business plan supports the development or acquisition of a further **3,923** homes within the next five years, with **287** homes starting on site in 2019/20 and, including those already on site, **263** due for completion by March 2020.

7.8 Contractually we request that for every £1m of build contract our contractors employ at least one apprentice or trainee position. Our development activity has generated **538 jobs**, including **24** apprentices, and contributed over **£58m** for the wider economy. (NHF calculator)

7.9 During 2018/19 we commissioned Savills to complete the 5 yearly update of our Stock Condition Survey and Stock Valuation. The valuation exercise confirmed an increase in the overall valuation of our charged stock for loan security purposes from £414m in 2014 (based on 10,578 properties in charge) to £547m in 2018/19 (based on 11,678 properties in charge). The average value per property has therefore increased from £39k to £47k over that five year period. The stock condition survey in 2018/19 showed a 30 year maintenance requirement per property of £47,308. This compared with a figure of £48,396 per property in the 2013/14 survey. Given that the 2018/19 figure includes the impact of five years' inflation since the previous survey the real terms reduction is even greater, reflecting the success of our active stock management strategy.

7.10 The 2015–2020 Asset Management Strategy addresses the long term let-ability and ongoing capital requirements for those properties that are likely to fall into negative NPV in the future which, as the graphs above demonstrate, are mainly flats. Our Asset Management Strategy going forward will involve looking at the decisions that need to be taken with regard to the lowest 10% of properties, mainly a number of blocks of flats, regarding retention and investment, demolition and redevelopment or disposal. This will be undertaken in consultation with residents and stakeholders. Proceeds of disposals will be reinvested in building homes elsewhere.

7.11 Future expenditure on planned maintenance on the group's existing housing stock is forecast to be over £628m over the next 30 years. This amount fully reflects the level and profile of expenditure identified in the last 5-yearly update of the organisation's independent stock condition survey, carried out by Savills in 2018/19, and the organisation's business plan demonstrates that this amount is affordable and can be fully funded within the constraints of its financing structure.

7.12 The Group's trading subsidiary, Old Park Services, continues to generate a commercial return from the provision of services to external third parties which can then be transferred back to its parent by way of gift aid to be reinvested in existing and new housing stock. The table below shows the amount gift aided back over the last five years.

2014/15	2015/16	2016/17	2017/18	2018/19
£400k	**£552k**	**£490k**	**£228k**	**£346K**

7.13 Strata Housing Services Ltd, which provides development services to the Group, has saved **£2.75m** through the recovery of VAT costs, since it began operating in 2014/15.

8. Reinvesting Efficiency Savings

8.1 Some of the key challenges facing the organisation over the next few years are:

- the legacy effect of reducing rental income streams over the last 4 years and other funding pressures
- the need to protect the organisation's income streams in that environment, particularly when that is coupled with the ongoing impact of welfare reform on our customers and consequently on their ability to pay their rent
- the need to continue investing in our current stock to preserve the quality of our offer to customers
- The impact of the tragic fire at Grenfell and the outcomes of the Hackitt report with enhanced Health and Safety requirements

Therefore many of the savings identified above have been reinvested to target those issues. A few examples are noted below.

8.2 **Growth**: During the year we invested **£29.5m** within the development programme with **233** new homes built or acquired during the year and have a robust future programme in place with **287** homes starting on site in 2019/20 and **263** due to be completed. We continued to be in the Top 50 Developing Housing Associations. (Source Inside Housing annual Development Survey 18/19).

8.3 **Income**: A key part of our income maximisation strategy is the re-alignment of resources to improve services for those facing challenges from welfare reforms. Our journey has already begun with Shropshire Housing Alliance (SHA) delivering work through its Money Matters and Tenancy Sustainment teams. This has already generated very positive results with **£2.44m** Welfare Benefit income secured for customers in 2018/19 and **£2.6m** in total additional income, helping to prevent further rent arrears and improving the quality of their lives.

8.4 **Health & Safety:** As well as investing efficiencies into new homes they will also be used to fund Health and Safety improvements from the Hackitt Review, including fire door replacements.

8.5 Investing the resources and time to carry out full Systems Thinking reviews.

Systems Thinking was selected as the organisation's methodology for reviewing its services precisely because of its focus on the elimination of waste and duplication in those activities, directly driving an increase in value for money. Over the early years of its existence the organisation had secured significant savings and efficiencies based on more traditional service reviews but realised that future savings using these methods were likely to be smaller and more incremental. Securing larger scale improvements required a more thorough-going approach, to redefine the purpose of activities and redesign them from end to end from the customer's perspective.

a. Reviive House Clearance review

The outcome of this review is the increase in income from void clearances from approx. £700 per year to approx. £10,000 per year with more items being recycled rather than disposed of. Items that can be re-used are now identified at the beginning of the process during the initial visit, rather than at the end, and if possible items are taken there and then. If several items are identified, resources are put in place to collect these items prior to the void being emptied.

b. Solicitors Enquiries Review

The new process has streamlined the procedure providing a higher quality service to solicitors and therefore to customers. There has been a reduction in the time taken to complete an enquiry from 20 days on average to 8 days, with no increased costs and an anticipated small reduction in cost of £1,000 per year which will be re-invested in higher priority work.

Customers are being provided with better value for money as information is being provided within shorter time periods without the customer having to chase the enquiry up.

c. Safeguarding Review

The outcomes of this review have been incorporated into the review of the Group Safeguarding Policy and procedures which will go live in 2019/20.

d. Homecheck review

This review showed that the process itself was sound and generated value for money if followed properly. However it showed that not all employees were fully utilising the process therefore not achieving the Value for Money it generates.

The outcome of the review was therefore to develop an ongoing improved training programme for all relevant employees, plus improved monitoring arrangements to ensure that we and our tenants maximise the benefits of the scheme.

e. Tenancy Amendments

Improvements were identified which would generate more accurate information on changes within our tenancies, generating higher quality data. However, the IT system currently being used for this process is being replaced and the process will be moving to a new system, therefore the changes and improvement will be made at that time.

f. Pre-Employment process review

This review identified that there were a number of different pre-employment processes being used across the Group and the service and support received by customers varied depending on where you accessed the service.

The outcome of the review was the drafting of a Group-wide Volunteering Policy and procedure manual, including consistent guidance for both employees and customers. The Policy and procedures were agreed in August 2019 and will be rolled out across the group.

g. Systems Thinking Training: The following smaller reviews were also conducted by employees as part of the Systems Thinking Training Course held in November.

- Bushbury Void process: The Team were struggling to meet the very tight timescales stipulated by Bushbury to carry out void work to their properties under the contract. Working with Bushbury, the review resulted in changes to the process which mean that information is made available by Bushbury at an earlier stage, extending the range of contractors available for high demand times and providing the team with a greater range of tools commensurate with the type of work needed in Bushbury properties.

  The review also helped the team secure an extension of the void management contract with Bushbury.

- Electrical Parts management: This review helped to reduce the amount of unnecessary visits to the electrical supplier and helped to prepare for the change of supplier.

- Volunteering process – Northfield Village: This review produced a good practice process for volunteering which has now been incorporated into the Group-wide Volunteering policy and procedure.

- Shire Living lettings process: The training review suggested improvements to this process. However, the restructure of Shire Living has superseded this. The recommendation will be reconsidered once the re-structure has been fully implemented.

- Tenant Panel recruitment process: Recommendations have been made and agreed by the Tenant Panel to streamline and refresh the process and will be used for recruitment from 2019/20 onwards.

8.6 **2019/20 Systems Thinking and other reviews**.

In 2015/16, as a deliverable within the Board Assurance Framework, the Board approved a 'Value for Money Risk Assessment Framework' which facilitated the assessment and prioritisation of services for systems thinking or other reviews.

This work is aligned to the Group Board's strategic risks, priorities and deliverables and this forms the basis of the improvement activity for 2019/20. It is aligned to the Co-Regulation Framework and the work of the co-regulatory groups. The VFM Risk assessment framework is based on an understanding of costs, performance and satisfaction across the business, combined with other factors allowing us to focus our resources where they are needed most – based on the risk of the service not delivering value for money.

In addition to this, as part of the business planning process all senior managers identified areas of further achievable cost reduction in their areas of responsibility, some of which were included within the 2019/20 budgets and some of which were identified for further review to achieve cost reductions in future years.

The priorities for reviews in 2019/20 are:-

- Completing the grounds maintenance strategic review
- Complete the freehold review
- Completing the customer insurance review
- Completing the complaints and customer feedback reviews (once the Housing Green Paper action plan has been published)
- Reviive: waste management sustainability review
- Reviive: commercial and retail services review
- Choices payroll function review
- Internal communication review
- In-house planned maintenance team joint TAG review
- Handyhelp joint TAG review
- Estate management services joint TAG review
- Customer engagement framework

This is not an exhaustive list and other smaller reviews will take place within teams as a matter of course. Other areas may become a priority if and when government or Board priorities change during the year.

8.7 **Learning and Development**

High quality services can only be delivered by employees who are well trained and highly motivated, so we have a strong commitment to the learning and continuous personal and professional development of our employees.

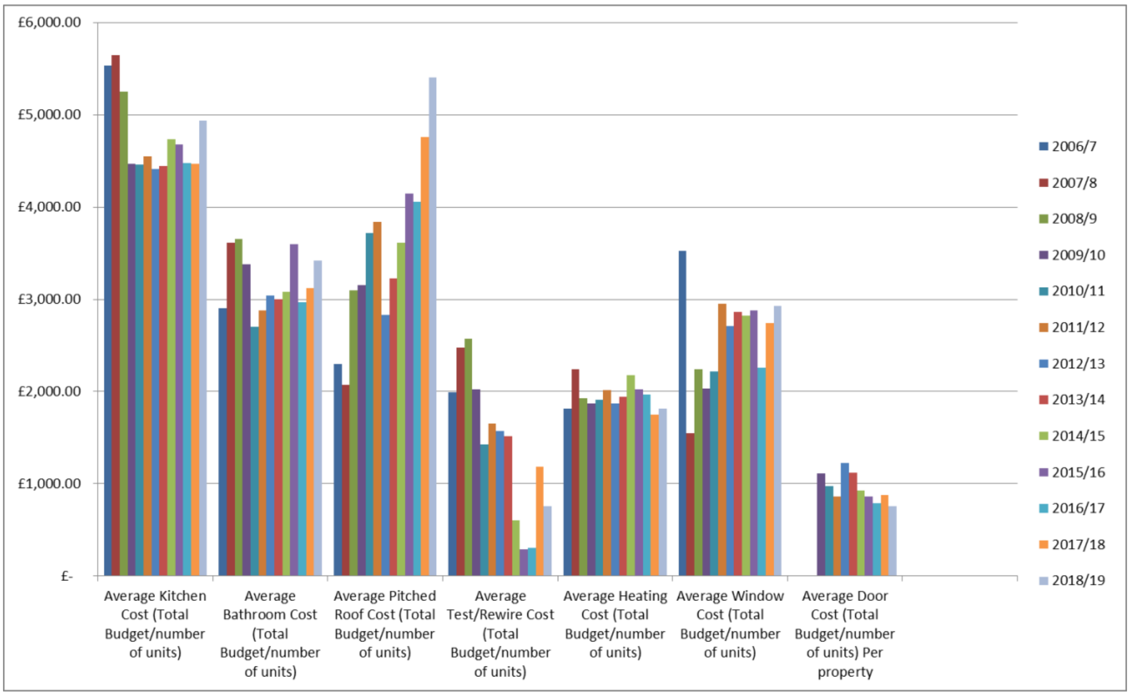
During 2018/19, The Group invested **£214k** in training its employees by means of a large range of internal and external training courses, conferences and seminars to further reinforce their development. Employees are developing in a range of areas such as HR, law, accounting, computer design, housing practice and social care, including management and leadership development and qualifications leading to membership of professional bodies. This cements the skill sets of employees within the organisation and the return on our investment is a highly skilled, knowledgeable and committed workforce.

9. Quality

9.1 **Properties**

a. We have continued to maintain the decent homes plan, with only 0.2% of homes non-decent at year end. The homes that were non-decent at year end were mostly homes that were vacant awaiting disposal or redevelopment, with just 10 occupied homes awaiting a survey to confirm if the work requirements were still needed or where work had been arranged and was awaiting completion.

b. Over the last 12 to 18 months we have seen a lot of inflationary pressures on a number of major works. While most costs continue to be lower than they were 10 years ago many have risen since 2017/18, and we continue to monitor costs closely. There was an increase in spending on improving homes against budget this year of £40k.The cost of roofing contracts is significantly higher this year, but this is mainly due to the type of roofs being replaced rather than increases in individual component costs. The total savings over the last 9 years is **£8m**.

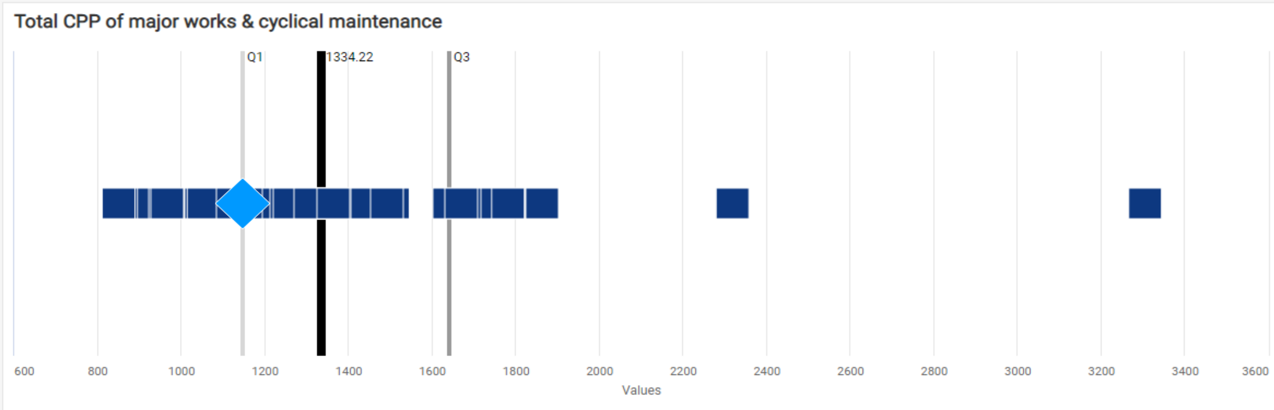


c. Our major works costs per property benchmarking shows us in the second quartile in 2017/18 (the

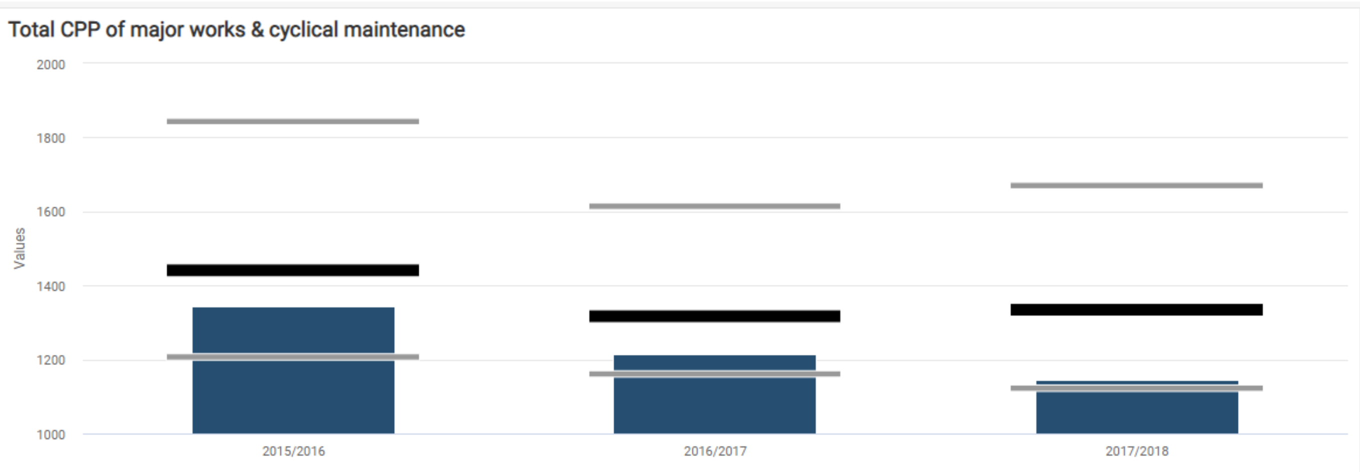
The Wrekin Housing Group

latest benchmarking report)

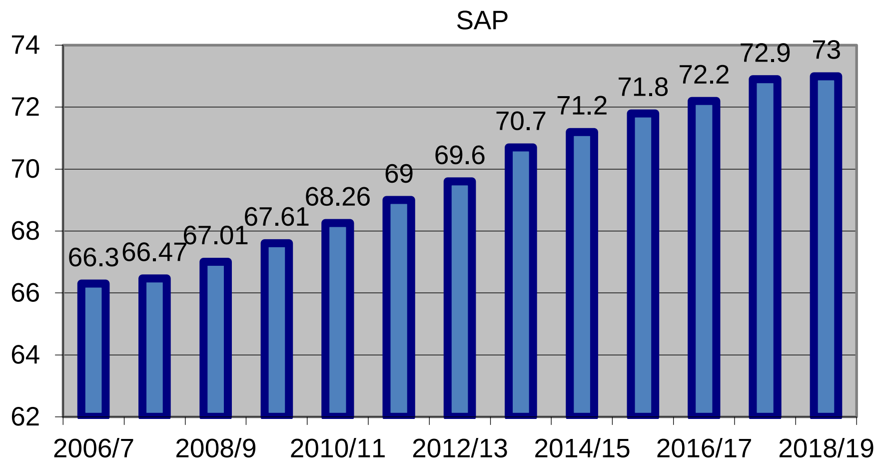
Total Cost per property Housemark Benchmarking 2017/18

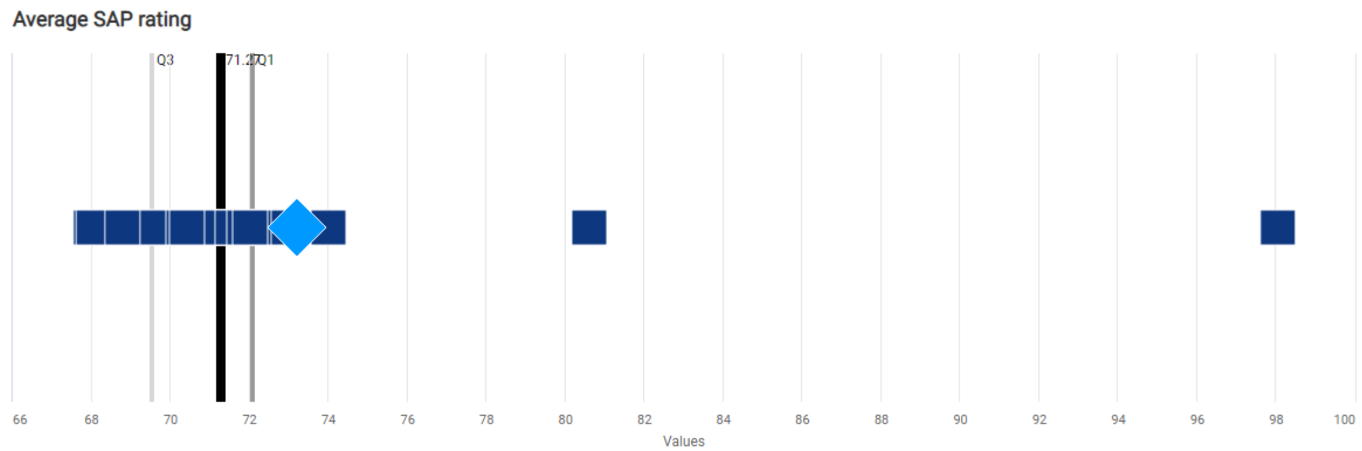


Trend over the last three years:



b. We continued to improve property energy performance for the general needs housing stock from 72.9 to 73 (SAP). This places us in the top quartile when benchmarked nationally.





Housemark 2017/18 – Top quartile is 72 and over.

c. During the year we achieved an optimum spend ratio of **66.3% planned/ 33.7% responsive** split.

d. For the eighth year running **100%** of our properties had an in date gas certificate at year end or were in the gas no access process.

e. The introduction of the new Scheduling system in December 2018 impacted on repairs performance in Quarter 4, resulting in a reduction in percentage of jobs completed on the same day and an increase in average repairs duration. Compounding the bedding in of the new system, seven vacancies were kept unfilled to enable us to retain seven maintenance apprentices coming to the end of their apprenticeships. While the overall duration figure has increased in the short term, the new system is facilitating a reduction in the time taken to complete any follow on work and, once these initial issues are resolved, it will provide an even better all-round customer experience. The table below demonstrates key performance information.

	2016/17	2017/18	2018/19
Repairs completed same day as reported	85.00%	85.20%	**79.30%**
Average duration rapid response	1.5 days	2.2 days	**4.5 days**
Customer satisfaction with rapid repair just carried out	91.20%	94.10%	**94.40%**
Customer opinion of right first time	87.90%	85.40%	**84%**
Customer satisfaction with repairs overall	94%	94%	**91%**

The speed of our repairs service benchmarks very positively with our Housemark peer group (see VFM Metrics)

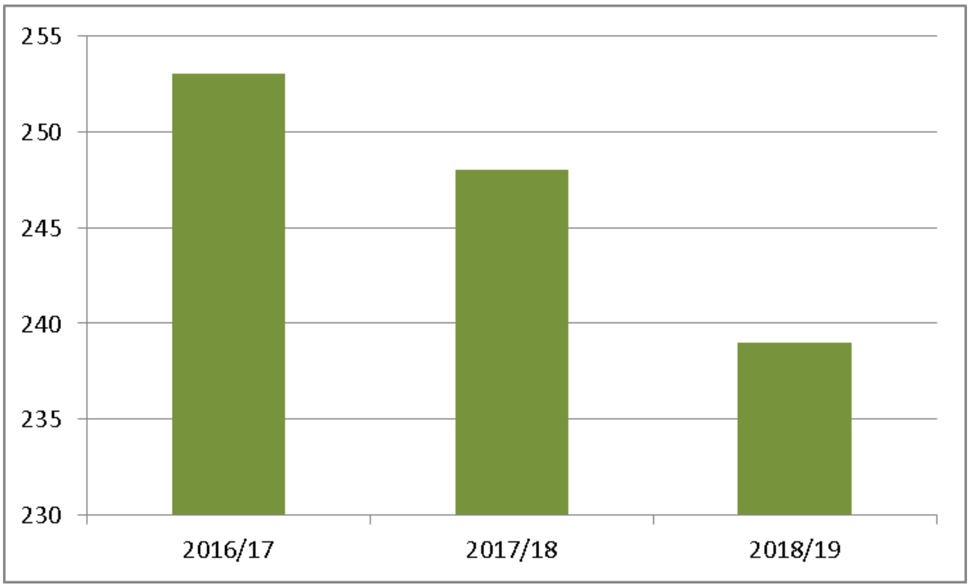
Our assessment of right first time is based on the customer's opinion as to whether we got it right first time, not our own technical assessment. Our performance is based on the aim of a two hour attendance and same day completion service, rather than a traditional appointment based service.

9.2 Complaints

Landlord Services

We are seeing a small but gradual reduction in the number of complaints over the last three years with 239 complaints received in 2018/19. Of these 10 complainants appealed the original decision and seven of these were resolved by the Stage 2 Review and two complaints were referred to the Housing Ombudsman. 1 complaint went to the stage 2 Complaints Panel where an offer of resolution was made.

In the two cases referred to the Housing Ombudsman no maladministration was found and one recommendation was made.



Other Services

In total, 95 complaints have been received during the year for all elements of Supported Housing and other specialist services, all of which were resolved.

9.3 External Verification

During the year we were assessed by independent external bodies and our peers on the quality of our services and achieved the following:-

<u>Awards 2018/19 - The Wrekin Housing Group</u>

- ASCP 2019 Safety & Compliance Awards: Winners - Safety Initiative of the year.
- Safety Leadership & Board Participation Award – Shortlisted
- ROSPA Gold Award Health & Safety 2019
- Housing Heroes Awards 2019: Shortlisted: Inspirational Colleague Award: Ro Lanceley: SHA

- Stafford Borough Council's Community Awards 2019: Choices won 'Business of the Year' for their Dementia Outreach Service operating out of Limewood
- Telford Community Awards 2019: Environmental Innovation category - Reviive Shortlisted. Volunteer of the Year Category - Derek Murphy shortlisted.
- Regional Housing for Older People Awards May 2019 - Morton Court: bronze award
- UK Housing Awards 2019: Innovative Landlord of the year - Shropshire Housing Alliance as part of the Sustain partnership – shortlisted

10. Adding Social Value

10.1 We contribute to the well-being of our tenants, the wider community and larger neighbourhoods in many ways. Although some of the benefits are hard to measure, we can provide some estimates based on the factual information we have. For 2018/19 the Group has produced its Social Value Report in-house, but based on the previous report produced by Heidi Fisher, our Social Value Consultant. This will mean that we can continue to develop our Social Value Report internally in the future and develop the skills to do this within the business.

10.2 The most effective thing we can do as an organisation to improve the lives and wellbeing of the community is to give people a good quality, affordable homes.

In 2018/19 we provided **1,098** people and their families with a much needed, affordable home of which 251 were transfers between two Wrekin Housing Group properties.

As part of this the CORE data shows that we have:

a. Taken **116** people out of actual or impending homelessness, or out of insecure, unaffordable or poor quality accommodation, providing them with security and a base to build on improving their lives.

b. Provided **63** larger homes for families who were overcrowding their previous home, alleviating the stress and disruption that overcrowding causes.

c. Helped **19** people move to a smaller property which better suits their needs or prevented a potential increase in hardship due bedroom tax charges.

d. Helped **8** people escape from domestic violence.

e. Assisted **499** people to move to a home that helped them manage an illness or disability and/or receive support.

f. Enabled **84** people to move to become more independent.

10.3 Completing the development of **233** new build, affordable homes during the year not only provides a greater choice of housing, but also has a positive impact on the local economy. In 2018/19 the Wrekin Housing Group invested **£29.5m** in new developments.

Contractually we request that for every £1m of build contract our contractors employ at least one apprentice or trainee position. Using the NHF Economic Calculator our investment in new housing stock in 2018/19 should have generated 538 jobs including 24 apprentices and over £58m to the wider economy.

10.4 The Wrekin Housing Group (including Choices HA) has a turnover of £95.6m.
Using the National Housing Federation Economic Calculator this investment contributes towards 2,268 full time equivalent jobs and employee income of £57.1m across the UK.

From a total Wrekin Housing Group spend of £81.5m in 2018/19, £59m is spent locally. Tracking three circulations of this money in the local economy creates over £126m of spending locally.

10.5 We have invested **£515,648** in adaptations for disabled people, drawing in **£297,525** of funding from other agencies. This investment has not only given people a better quality of life and the ability to stay in their homes longer but, through the prevention of falls which could have required treatment of associated injuries, and through the prevention of admission to hospitals or care accommodation, it has prevented costs being incurred within the NHS and social care agencies.

10.6 There were **267** mobile response officer call-outs over the course of the year, a 12% increase on last year. Whilst there is the obvious value attached to this service for the tenant requiring assistance in Retirement Living or Shire Living schemes, the contribution they make to savings within other agencies is estimated to be more than **£60,000** a year. These savings relate to the prevention of hospital admissions, as well as savings to the ambulance, police, and fire services, GPs, social workers and mental health services.

10.7 The Retirement Living and Shire Living services play a large part in tackling social isolation and improving social inclusion, through the provision of social activities and escorted trips regularly organised by the schemes or centrally coordinated by our dedicated Events Co-Ordinator.

During the year some 4,200 events have been organised, attended by over 37,000 people. This year many of the activities have been made more inclusive through residents joining in with events at, or organised by, other schemes.

10.8 Our partnership working with other agencies: a **£30,000** a year contribution to the Community Patrol Service and the secondment of a Trust employee to the ASB hotline service is contributing to making people feel safer in their homes and to the overall management of ASB within the Telford area.

10.9 **Tenancy Support and Enablement**: Our services for tenants over 55 promote health and wellbeing to equip tenants with the skills they need to continue to live independently as well as being 'trusted assessors' for minor aids and adaptations. In 2018/19 **693** people received support from the team.

10.10 **Housing support team (Sustain, SHIP, New Street)** - Shropshire Housing Alliance continued to provide a support service to Shropshire Council under its support contract. Floating support was provided to **250** social and private tenants, (including **86** cases of their direct intervention preventing homelessness)**.** Provision of accommodation and support was given to **5** young people requiring use of the emergency crash pad at the New Street hostel. Support was also provided to **9** vulnerable young people through the provision of shared accommodation.

10.11 **Housing advice team** - SHA's private lease management service has provided homes to **78** households in housing need through **27** private landlords. Working with Shropshire Council the service was extended to provide housing services under the Homelessness Reduction Act to any person in Shropshire who was facing homelessness having received a Section 21 notice. Between September 1st 2018 and March 31st 2019, we assisted **113** families facing homelessness through no fault of their own. We also assist Shropshire Council by providing **11** units of temporary accommodation for the homeless. In conjunction with this service the Alliance provides an advice service under contract with Shropshire Council. During the year the Alliance provided advice to **1,209** individuals.

10.12 **Tenancy sustainment team/Building Better Opportunities (BBO)/Money Matters team.** We continued to provide tenancy sustainment and money matters services free to customers.

During the year the team carried out **560** pre-tenancy assessments including welfare benefit checks for prospective Trust tenants.

The Building Better Opportunities project focuses on bespoke guidance and support to move people closer to the job market, into employment, training and volunteering opportunities. During the year, our Engagement Officer helped **11** people move into training, **7** into paid employment and **4** into volunteering. We successfully established a weekly job search group at our Market Drayton office, enabling local people to receive guidance and peer support, whilst improving their interview and job search skills. Our success in delivering this project has resulted in an extension of funding through to 2022.

The Money Matters team (welfare benefit advisors**)** provides an expert welfare benefits service and during 2018/19 successfully brought in more than £2.6m in additional benefits for our customers, engaging with 2,075 households. They carried out 560 pre-tenancy assessments and welfare benefits checks securing £178k in other grants and financial assistance. Over 1,500 tenants are now members of our Home Contents Insurance Scheme.

10.13 **Sponsorship**: An ongoing Sponsorship Review has seen the Group review the value, benefits and diversity of the sponsorship of the teams, individuals and organisations we sponsor. Sponsorship is linked to marketing through advertising, raising the profile of the Group whilst supporting a variety of clubs and communities. We have invested £23,695 this year in sponsorship via advertising, renewing some longer term arrangements and taking up some new worthwhile opportunities.

10.14 **Community Fund:** During the year the Group has supported 30 community organisations through the community fund awarding £42,421. This includes the support of 20 wider community groups with up to £1,000 each as part of the 'Telford 50' celebrations.

10.15 **Training and Employment**:

The Group reaffirmed its commitment to providing a range of good quality placements and training opportunities within the local community. During 2018/19:-

- 26 people directly employed as apprentices - improved work related skills and job seeking chances
- 266 people improved skills and wellbeing owing to training while regularly volunteering
- 1,659 training courses were delivered to improve employee skills
- 196 more local people participated in training (non-staff)
- 27 people moved into employment from being economically inactive
- 218 employees received vocational training e.g. resulting in a nationally recognised certification or qualification

We have provided circa 330 volunteer opportunities generating 18,945 hours of volunteer time.

We have focused on building links with schools and colleges in areas where we have a high stock density and we have made efforts to target our tenants to make them aware of these opportunities. We have also attended local jobs and careers fairs to promote awareness of our extensive range of employment and training opportunities.

We have entered into a partnership arrangement with Shrewsbury College for mutual benefit to find work placements, training and job opportunities for students within the Group. This enables us to develop a better relationship to utilise our annual Apprenticeship Levy with business and maintenance related training. We also aim to use the college's wider partnerships with the other businesses they work with, and the LEP, to identify wider business opportunities for the Group either through direct collaboration, or joint applications for funding for future initiatives.

We continued to provide a range of training and development opportunities to our employees, not only in job-related subjects, but also by providing a personal training allowance to spend on developing a new skill of their choice. This often has value for the wider community as most of our employees live locally and use their new skills and knowledge to benefit others. We delivered our training plan within budget. We have also supported our workforce to work towards professional qualifications ranging from NVQ's to an MBA.

Our specialist supported housing training department based in Choices HA is endorsed by Skills for Care and is an approved training centre with Skills First for vocational programmes. The department delivers a range of health and social care learning and development programmes including specialist dementia care, adult safeguarding, autism and fire prevention.

10.16 Social Enterprise

Through Reviive and The Furniture Scheme we protect the environment by maximising the life of household products. We offer to remove unwanted furniture from households that can be recycled or reused and we clear homes when they become empty but are not cleared out by the customer. In 2018/19 we have achieved the following through re-use and recycling, saving households over **£1m**.

	Tonnes
Furniture collected	597
Furniture re-used & recycled	462

Wrekin Housing Group tenants are given a 30% discount on any furniture they buy from Reviive, and this is funded through the Community Fund. We also provided 284 furniture packs to individuals setting up a home for the first time.

10.17 Social Return on Investment

This year, with the support of Heidi Fisher who produced our previous Social Value Report, we have trained one of our own Business Information Analysts, working with a small team, to produce the report in-house, developing data capture, analysis and proxy calculations. The 2018/19 Social Value assessment will be reported to the Board in November 2019 and is included as Appendix A to this value for money statement.

10.18 Changing hearts and minds

Our coordinated multi-channel "More than a home" campaign has continued. The objective of the campaign is to raise positive awareness locally of the benefits of the Group building new affordable housing to both the local and national economy, while also tying into the national agenda. The purpose of the campaign is to help influence stakeholders (including Local Councilors) and local communities to back new developments, by showing the positive impacts of affordable social housing. In doing this we improve the reputation of the Trust, increase development opportunities and reduce the barriers, complications, delays and associated costs of failed development initiatives. Since the campaign began, the number of objections to our planned schemes has reduced, with our planning applications meeting less opposition, meaning many more new schemes of affordable housing get the go ahead.

11. Co-Regulation

The Group has a well-established co- regulation framework for its social landlord services as follows:

a. Customer Voice Panel (CVP)

In 2017/18 consultation took place with the Co-regulation groups as well as the wider tenant body, with a view to setting up a new independent group. This would have a representation of Board member places, to be the vehicle in which the voice of the customer could be consolidated and represented at Board level. The first full meeting of this group took place in April 2018.

The CVP is made up of the Chairs and Vice Chairs of the three co-regulation groups described below and up to three Board members. The Chair or Vice Chair of the CVP will report directly to the Board on the work of the Panel and any issues agreed by the CVP that need to be reported to Board.

b. Tenants Panel, who scrutinise all operational policies and strategies before they are presented to the relevant Board or the Executive Management Group (EMG). All operational policies are required to be 'Tenant Approved' before the Board or EMG will consider them. The Tenant Panel will consider the VFM implications for customers through the services provided. This year the Tenants Panel have reviewed, had input and made changes to 10 WHT policies before being submitted for board or EMG approval. This is along with undertaking their other tenant-wide activities.

c. Tenant Audit Group (TAG), in place since 2002. Volunteers who carry out in-depth audits of services that are reported directly to Board through the CVP.

During 2018/19 TAG carried out an audit of fire safety arrangements, our preparations for Universal Credit and continued to carry out quarterly audits of gas CP12 certificates.

Each audit includes a cost benefit analysis and VFM section. Each report gives an opinion as to whether the service is delivering VFM.

Recommendations are discussed with the service lead and delivery is tracked by the CVP.

d. Customer Assurance Panel, created in 2011**.** Appointed volunteers who are independent of other tenant bodies, whose remit is to scrutinise performance against the National and Local Standards for registered social landlords, giving assurance to the relevant Board that they are being complied with, or making recommendations for improvement.

The group present their recommendations to the co-regulatory group and the CVP and their assessments are included in the annual compliance statement which is reported to the Board each year, giving assurance that in that year the National and Local Standards have been met (and in many cases exceeded) and that previous recommendations had been implemented.

As part of the National Housing Federation (NHF) Together with Tenants initiative, and our early adoption, it has been agreed that the CAP will also be responsible for the monitoring of the Wrekin Tenant Charter, once launched in early 2020.

The CAP also lead on the three yearly review of the Group's Local Standards, which in 2019/20 will be amalgamated with the Wrekin Tenant Charter as part of the Together with Tenants initiative.

e. Joint Working. Four times a year the three groups meet together to link up what they are doing.

In January, following the Board priority setting, they will set the co-regulation priorities for the year ahead, based on a risk assessment model developed by CIPFA, but adapted for this purpose, which helps to identify those services that are most at risk of not delivering value for money.

In May each year, they meet to consider the annual compliance statement against the National and Local Standards. Once agreed, this is presented to the CVP and subsequently to Board, where it becomes part of the overall compliance statement.

f. **Social Value**: Within this last year our tenant volunteers have put in over 3,558 hours to help improve the services offered. This equates to over £27,858 of social value if this had been paid employment (based on minimum wage for over 25 year olds), demonstrating the dedication of these individuals, for which we are very grateful.

g. **Real shoppers**: The Real Shopper scheme continues to grow. By the end of March 2019, 740 tenants had signed up to tell us if a service is good or bad or if we have done something right or wrong, so that we can improve our service to them.

12. Future Value for Money Objectives and Areas of Focus

12.1 Wrekin Housing Group 2019/24 Strategic Objectives

The Group's purpose is straight forward:

To be an outstanding housing association that excels in meeting and supporting local housing need.

In the new strategic plan, for the period from 2019 to 2024, the group will aim to achieve its purpose through the following actions:-

- Through listening to our customers we will understand the current and future needs of our locality better than any other;
- We will work towards providing homes that are best in terms of energy efficiency and sustainability;
- We will be a fair and trusted employer supporting the development and skills of our people;
- We will be considered by partners to be trusted and collaborative;
- We will seek opportunities to promote jobs and economic growth in our locality, directing our spending to support the people in our locality, maximising the social value of our services and delivering wider community benefits;
- We will develop business models of care and support to create a bold and innovative service provider; and
- We will ensure that we meet the highest standards of leadership, management and governance

Value for Money Objectives

And of particular relevance to this document:-

- **We will be relentless in our search for value and efficiency**. We will:-

- ensure we have a sound financial base to sustain quality at a minimum cost
- have in place the right finances at the right time to ensure business growth
- understand efficiencies to point where the service would be compromised

The key deliverables and the actions required to deliver them are set out in the table below:-

How we will achieve this	**By 2024 we will have delivered**
Have a fully financed and robust financial business plan in place	• By 2021 we will have reduced operating costs by 2.6%
Set tight but realistic budgets	• From 2021 to 2024 we will continue to reduce operating costs by 1% per year
Achieve £200m refinance at the most appropriate time	• By the end of 2020 we will have refinanced £215m • By 2021, refinanced a further £80m • By 2024 secured total re-finance of £600m
Monitor ourselves against sector key metrics to understand what it would take to be the best	• We will have unit costs that are comparable to others

More information is available in The Wrekin Housing Group Strategy 2019 to 2024 and The Wrekin Housing Group Value for Money Strategy 2019 -24, available on the Group website.

12.2 Refinancing

One main area of focus for 2019/20 is on the refinancing of the Group's debt portfolio. The objective of the exercise is to reduce the overall risks associated with the portfolio as summarized by the Group's treasury advisors, JCRA, below

Key risk	Current	JCRA recommended	Comment
Concentration risk	1	7	Currently dependent on the syndicate. Restructure breaks open Syndicate and introduces Capital markets financing
Security	3	7	Greater security efficiency and capacity by using MVT Valuations and unsecured lending And potentially lower asset cover requirements of bond
Liquidity	4	7	Benefit of better security position and wider range of lenders freedom to arrange RCFs
Refinancing	3	6	Replace Natiowide with combiantion of shorter dated bank debt and long capital market debt from a wider range of providers
Cost of carry	7	7	More RCF bank debt which increases the variable rate debt (more flexible)
Covenants	3	6	Flexible as uniformity of covenants across lenders
Cost of debt	3	7	Expensive debt on the current portfolio largely removed
Rates	3	7	Much better balance of fixed-floating to rate debt
Total	**24**	**54**	**From high risk to lower risk**

The refinancing will result in:

- A lower cost of debt
- A longer average life of the debt
- A higher level of fixed rate debt
- A more flexible set of covenants
- A greater diversity in funding sources with a variety of maturity dates

The outcome of the refinancing exercise will be reported as part of the 2019/20 VFM report.

12.3 Same day repairs performance

As noted above, the percentage of repairs completed on the same day fell during 2018/19, albeit that the Group is still the only provider in the sector that operates a same day repairs service at all. The reduction in the percentage is largely due to implementation issues with the new work scheduling system. A great deal of time and effort in the early part of 2019/20 has gone into resolving these issues and performance has improved over the early months and those efforts will be maintained to ensure that we return to the levels previously seen.

12.4 Satisfaction levels

Some of the levels of satisfaction with services expressed by our customers, whilst remaining high against sector comparisons, have fallen slightly during 2018/19. Some of this reduction seems to be attributable to changes in the methods of collecting data (largely moving from telephone to e-mail surveys). However, we will work with customers over the course of 2019/20 to review our data collection methodology and also to ascertain whether there are other, underlying reasons for the change in satisfaction levels.

12.5 Pensions

The Group board has commissioned external advice on the potential future options regarding the Shropshire Local Government Pension Scheme of which it is a member. Over the course of 2019/20 the Board will look at the conclusions reached in this piece of work and come to a decision about future pension strategy with the objective of mitigating the risk of significant liabilities continuing to accrue under this defined benefit scheme.