



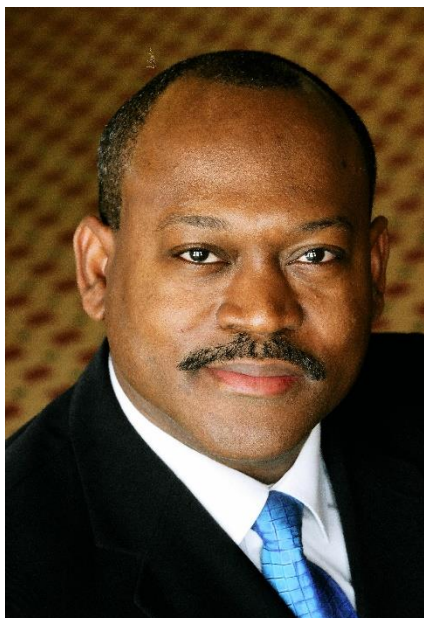
Value for Money Statement 2016-17



FOREWORD	1
1. INTRODUCTION AND PURPOSE	2
2. WHAT WE SAID WE WOULD DO AND WHAT WE DID.	5
3. CONTINUOUSLY IMPROVING OUR CUSTOMER SERVICE	6
3.1 CUSTOMER SERVICE	6
3.2 SUPPORTING OUR CUSTOMERS THROUGH DIFFICULT TIMES.....	10
4. ADDING SOCIAL VALUE	11
4.1 PROVIDING NEW HOMES	11
4.2 INVESTING IN DISADVANTAGED COMMUNITIES.....	12
5. HOW ARE OUR ASSETS PERFORMING?	13
5.1 OUR STOCK.....	13
5.2 OUR AIM.....	13
5.3 OUR ASSET MANAGEMENT STRATEGY	13
5.4 MAJOR REPAIRS EXPENDITURE	14
5.5 ARE WE MEETING OUR AIM?	14
5.6 RETURN ON ASSETS	16
5.7 HOW THE RETURN HELPS US ACHIEVE OUR OBJECTIVES	17
6. THE INCOME AND COSTS FOR RUNNING OUR BUSINESS AND HOW THEY COMPARE.....	18
6.1 RENT LEVELS	18
6.2 SOCIAL HEADLINE HOUSING COST PER UNIT	19
6.3 TREND FOR MANAGEMENT COSTS	21
6.4 SECTOR SCORECARD	22
7. CHALLENGING COSTS	24
7.1 DEVELOPING A VFM CULTURE	24
7.2 AREAS WHERE COSTS HAVE BEEN REDUCED	24
8. HOW HAVE WE PERFORMED	26
9. PLANS FOR THE FUTURE	26
10. CONCLUSIONS	27
11. THE HCA'S VALUE FOR MONEY STANDARD	28

FOREWORD

Barrington Billings – Chair of Manningham Housing Association



A handwritten signature in black ink, appearing to read 'B. Billings'.

“All too often when you read Value for Money (VFM) statements, they tend to deliver well-meaning and impressive performance improvement figures when the reality on the ground for most residents is somewhat different. At Manningham Housing we let the facts speak for themselves.

As the new Chair, I am heartened to see that our message on VFM is simple which can be summed up in two of our four golden rules: *“Do the right things and do things right”*. In a survey of our residents in June 2017, 99% confirmed that our rent offered them VFM and they are in the best position to judge us.

Manningham Housing is not looking to offer just Value for Money but **good** Value for Money and the Board will ensure that it gives clear leadership in driving and embedding good VFM. This will be evidenced by demonstrating continuous improvement year on year, across all our operations with a clear focus on meeting the needs and aspirations of our residents and key stakeholders in the most efficient and cost effective way.”

Cath Bacon – Chair of the Customer Panel and Tenant Board Member



“As a long-standing Manningham Housing Association customer and the current Chair of the Customer Panel, I have developed a good understanding of the association’s approach to delivering high quality customer services, customer involvement and in delivering Value for Money.

MHA’s sincere commitment to customer involvement isn’t just a “token gesture” which customers so often find. At MHA we have seen first-hand how the association has put customers at the heart of everything it does. It has enabled us to get involved and provide feedback to improve services. I think the impact of this is highlighted in the high levels of customer satisfaction we have been able to achieve, and maintained over the last year. I can honestly say that I am proud of the work we have done and the goals we have achieved in working together. Of course we want to continue on that journey and ensure that we are continuously improving and delivering VFM for all of our customers.”

1. INTRODUCTION AND PURPOSE

We are pleased to present the Manningham Housing Association (MHA) Value for Money Statement for 2016/17. This Statement provides an overview for stakeholders of what Value for Money means at MHA, and how we ensure we deliver Value for Money through our assets, services and financial management.

MHA understands the importance of getting the best value out from everything we do. It is only through achieving best value that we will continue to meet our strategic objectives to deliver excellent services for our customers and continue to meet the severe housing needs of the diverse communities in Bradford. We understand that the more efficient we become the better we will be able to:

- Create capacity for us to build more homes in the future
- Maintain our homes
- Provide excellent services for our customers

MHA began its life and grew exponentially because it was passionate about the poor choice and quality of housing for large Bangladeshi and Pakistani families. In many ways these issues still remain and therefore the mission and purpose of MHA still remains. In 2016, following a lengthy process to consider MHA's strategic future, the Board decided that it wanted MHA to remain an independent organisation and concentrate its efforts on providing high quality homes for the BME communities it serves.

Following an in-depth assessment by the Homes & Communities Agency, in February 2017 it was confirmed that MHA had been graded as 'G3' against the governance standard. This was a disappointing outcome, and our focus now is on getting our governance arrangements back on-track.

The rent reductions announced in summer 2015 have had a very major impact on all registered providers. A significant challenge we will face over 4 years from 1 April 2016 is the loss of over £2.5m in rental income and we have had to take strong measures to mitigate the impact of this loss of revenue to provide the level of services which we would aim to achieve. We have been able to achieve substantial savings to mitigate this loss of income but we realise that we need to do more. Over the coming years our focus will be on providing excellent services, increasing our community investment work and campaigning for BME communities.

In light of the regulatory downgrade and the impact of the rent reductions and welfare reforms, we have taken the decision to cease further development activity for the short- to medium-term. If we are to recommence development in the future, we must take steps now to increase our financial capacity. As has always been the case, financially viable development of affordable housing in Bradford is challenging - the reduction in government grant funding, low yields as a result of low property values and market rents in Bradford, and the affordability issues facing our customers, mean it is difficult to undertake sustainable property development without subsidy, and the

reduction in income from the rent reduction has reduced our financial capacity to do this. Whilst we are in this position of increasing our financial capacity to develop ourselves, we will continue to highlight the acute housing needs of BME communities and influence provision of suitable housing to meet this need in Bradford.

Notwithstanding, the Board's vision for Manningham is to *'drive for excellence in every facet of our business'*

In order to work towards our vision, the business strategy contains the following strategic priorities:

- **Growth and Efficiency** - We want to be as efficient as we can to create the financial capacity to build more much needed homes.
- **Strong and Vibrant Core Business** – Provide excellent services for our customers and ensure our performance remains top quartile
- **Doing More Than Just Housing** – We want to campaign against inequalities suffered by our tenants, and BME communities in general, and through community investment activities help towards eradicating these inequalities

The business strategy is set in the context of the distinct nature of Manningham Housing Association. An organisation that was specifically set up to address the housing needs of the uniquely diverse communities that make-up Bradford.

Working in Bradford presents considerable challenges. It is a city with high unemployment, low skill levels and high levels of deprivation, child poverty and income inequality.

The Index of Multiple Deprivation (IMD) is the official measure, published by the Government, of relative deprivation across England. The IMD ranks all areas across England using relative measures of income, employment, health, education, barriers to housing and services, crime and the living environment.

The IMD rankings indicate that Bradford has the largest gap between rich (least deprived Super Output Area [SOA]) and poor (most deprived SOA) of any local authority district, anywhere in England. In 2010 Bradford was ranked the 16th most deprived local authority in the country; in 2015 this increased to 11th most deprived.

Research carried out by the Joseph Rowntree Foundation (JRF) in July 2011 found that the 2008 recession hit Bradford particularly hard and that there was a disproportionate effect on the City's Black and minority ethnic (BME) communities. These economic factors have a substantial impact on Manningham's customers and on Manningham as a landlord in terms of service delivery and the cost of providing services.

It also has an impact on Manningham's aspirations for providing new homes with it operating mainly in low value areas. The new capital funding regime with low grant rates and the requirement to charge our customers rents at levels higher than social rents caused us to pause, do some soul searching and think long and hard as to whether we should continue to develop. However, based on

the huge housing needs in Bradford particularly of the BME communities that we exist to support, the Association decided to continue to provide new homes, albeit recognising the need to increase our financial capacity through efficiency savings. This continuation to provide new homes and the ambitious growth and investment has meant that MHA stretched its balance sheet and the imposing of the government's 1% rent reduction for four years from 2016 made the margins in our financial plans narrower than we would have liked. MHA is still a financially sound business, which was confirmed by the HCA In-Depth Assessment this year providing a V1 rating for viability, and can remain independent and meet all of its commitments. However, the IDA led to a downgrade of our Governance to non-complaint G3; this, together with the pressures on financial capacity, has resulted in MHA Board deciding to put in abeyance for the short to medium term any future new development plans. In its place MHA wants to concentrate on continuing to provide excellent services to our customers; to once again focus on adding value through our community investment work and to campaign for our BME communities who have been so disadvantaged by years of austerity measures. This is expected to be our main focus for at least the next five years.

The business strategy focuses heavily on insight work that is relevant to the context described that helps us to understand in detail the current and future needs and requirements of our customers from these communities. A key part of this insight focus is to offer meaningful opportunities for involvement and influence so that customers help significantly to shape our policies and services, but also that through these opportunities, individuals develop their skills and capacity.

In this respect we are committed beyond our core landlord role to developing the communities that we serve, in ensuring that our employee and Board profile represents the diversity of the community and that we use our procurement function and resources for local benefit.

Incorporated within our business strategy and integral to it is our approach to Value for Money (VFM). In essence our view is that VFM for us is synonymous with running an effective social business. More specifically we set ourselves the following four golden rules:



What that means in practice is we strive to always deliver the services that meet our customers' needs, at an appropriate cost and to a good standard, and utilise our money and other resources to achieve the best possible outcomes for our customers and communities.

In this statement we report the results of our self-assessment of how we have performed so far against the VFM objectives of our strategy as well as looking forward to our plans in this respect for the future.

Where possible we have made appropriate comparisons with others to help readers understand our results better. The key source that we have used for this purpose is HouseMark and the unit costs as shown by the HCA Global accounts 2016.

2. WHAT WE SAID WE WOULD DO AND WHAT WE DID.

Last year we produced a self-assessment for the period 2015-16. In this section, in the table below, we provide an update against the proposed actions in that statement.

Action proposed	Progress
1. Depending on the outcome of the option appraisal being carried out by the Board in September 2015 to determine strategic future of MHA, carry out a procurement process for our maintenance services.	The options appraisal took longer than anticipated and was concluded December 2016. We are currently in the process of carrying out a compressive independent review of our repairs and maintenance costs which will help the board to make a decision carrying out a procurement process later in 2017.
2. Reduce cost of materials for both responsive and major works by agreeing fixed costs with local suppliers.	<p>We have been able to agree very competitive prices for high value materials with local suppliers. In 2016-17 we have saved £26k by taking this approach on a relatively small programme of major works in 2016/17. We delivered a 7.5% saving, achieving more than our original expectation of 5%.</p> <p>In terms of responsive repairs, which mainly included boiler replacements, we achieved savings of £23k or 26.5%.</p>
3. Project manage major repairs contract in-house rather than employing employers agents	In 2016/17 we project managed major repairs in-house achieving a saving of 2.1% of the project value amounting to just over £2k. If we were able to deliver the full anticipated programme the saving would have been much higher.
4. Consider selling some of our older rehabs where maintenance costs are high-voluntary sale perhaps say maximum 20 units to give us increased development capacity at say £80k totalling £1.6m and use the sale proceeds to develop or buy say another 15 smaller new units which require less maintenance and major repairs in the next 10	The board have approved a new Asset Management Strategy. One of the key actions of this strategy is for MHA to understand its stock better so that we are able to make better stock investment decisions. As part of the process, during 2017/18 we will begin work to identify stock which we may need to dispose rather than to make further investment.
5. Consider sharing back office functions with other organisation(s) to reduce cost	The delay in concluding the option appraisal has resulted in a delay in pursuing this objective. We will review our back office structures early autumn of 2017, following completion of the year-end audit. The issue of sharing services will be revisited at the Board Away Day in July 2017, the outcome of which will inform the Corporate Plan.

3. CONTINUOUSLY IMPROVING OUR CUSTOMER SERVICE

3.1 Customer Service

We have continued to be focussed on developing and improving the business. At the forefront of this is how we can continue to improve the services for our customers whilst adjusting to a level of reduction in revenue. As can be seen from the performance information provided in this statement we are now seeing the positive effects of this. In particular, we have been able to respond to repairs within agreed time scales consistently over 97% of the time and that customer satisfaction with the last repair reported is consistently well over 98%.

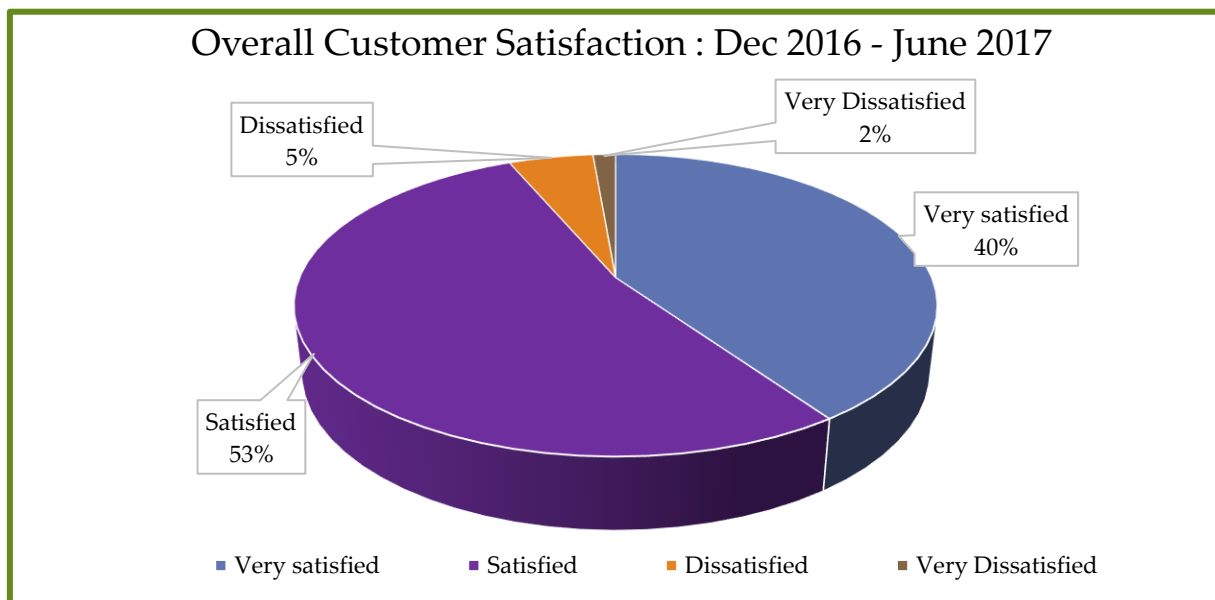
We are committed to carrying out independent surveys of our customers on a regular basis to track the difference that we are making. Whilst these surveys have taken place every year for the last three years we have decided that in the future we will carry these out every 3 years. The reasons for this are:

- We will still rely on the customer insight we get from internal surveys and also a much shorter independent survey to provide us with continuous feedback on our service delivery
- One of the reasons for carrying out annual surveys was to help us get some understanding that the changes we are making in service delivery are having a positive effect. The last three surveys have shown increasing customer satisfaction which show that the interventions are working.
- There is a cost to carrying out a survey every year which we can save now that we know we are continuously making improvements to services.

From December 2016 we have commissioned monthly tracking surveys through an independent telephone survey company, Callerz. The results of these surveys have been very encouraging and the trend since 2012 of customer satisfaction improvement has continued. From a total of 320 surveys carried out since December 2016 an average of 93% of our customers stated they were either Very Satisfied (40%) or Satisfied (53%) with the services provided by MHA. Satisfaction for each of the months is shown below:



320 TENANTS SURVEYED	DEC 16 (%)	JAN 17 (%)	FEB 17 (%)	MAR 17 (%)	APR 17 (%)	MAY 17 (%)	JUN 17 (%)	Overall Avg (%)
Very satisfied	40	47.5	42.5	38	36	32	46	40
Satisfied	57.5	40	47.5	62	56	62	48	53
Dissatisfied	2.5	7.5	7.5	0	8	6	4	5
Very Dissatisfied	0	5	2.5	0	0	0	2	1



Overall we have 7% of customers who has said that they were dissatisfied with our customer service. Even though this is low level of dissatisfaction, further analysis of the reasons against the survey dissatisfaction categories shows us:

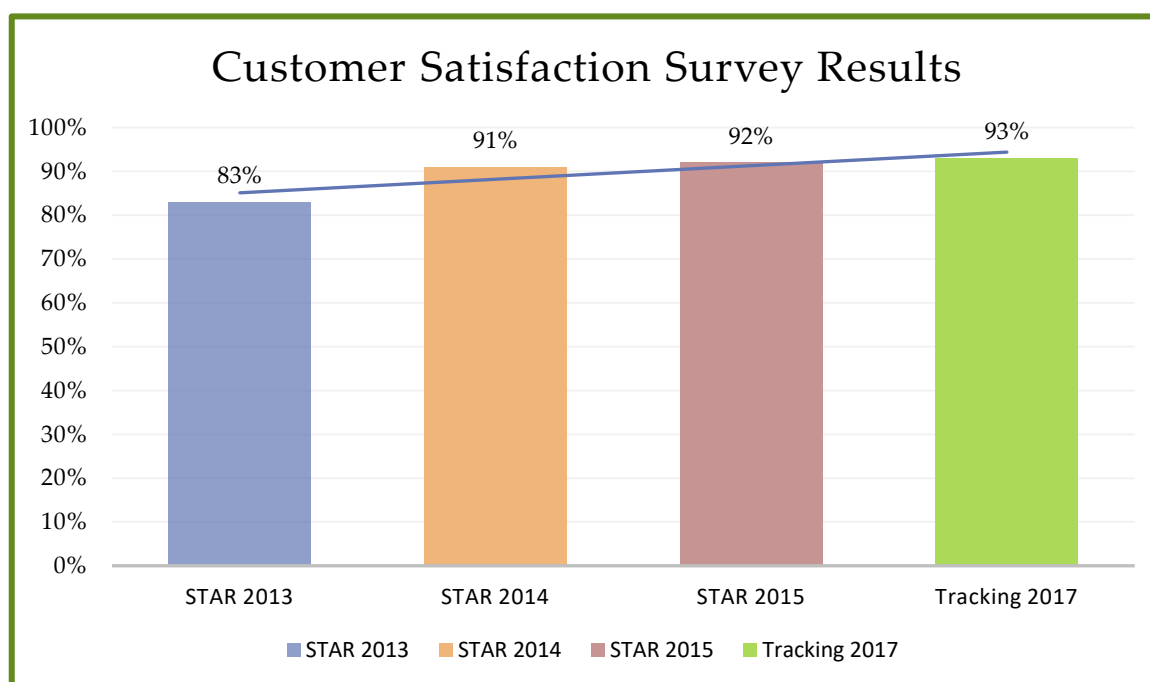
Reasons for Customer Dissatisfaction Against STAR Survey Categories

Dec 2016 – June 2017

	DEC	JAN	FEB	MAR	APR	MAY	JUN	Totals
1. The Service I get from MHA	1	-	1	-	-	-	2	4
2. The quality of my home	-	-	1	-	1	-	-	2
3. My neighbourhood as a place to live	-	-	-	-	-	-	-	0
4. How ASB is handled by MHA	-	-	-	-	-	-	-	0
5. My rent is not value for money	-	1	-	-	-	-	-	1
6. Repairs and maintenance	-	4	2	-	3	3	1	13
7. MHA does not listen and act on my views	-	-	-	-	-	-	-	0
8. Another reason	-	-	-	-	-	-	-	0
Totals	1	5	4	0	4	3	3	20

Even the highest category of dissatisfaction above – that of Repairs and Maintenance is just 4% of the 320 customers surveyed.

The results of our independent surveys in terms of overall customer satisfaction from 2012 to 2017 including the full STAR surveys and the tracking surveys are as follows:



We are particularly pleased that there has been a substantial increase in two areas of service which according to feedback from customer's impact on them most. These are, dealing with complaints and anti-social behaviour (ASB).

In 2012 the overall satisfaction levels were at 83%. That is an overall increase of 10% over 6 years which demonstrate that we are on a continuous improvement journey. The table below compares the results from MHA's satisfaction survey with those from HouseMark across a range of areas and shows that our performance is strong across the Board.

Question	HouseMark All			MHA Score (STAR Survey 2015)	MHA Tracking Survey June 2017	MHA Comparison
	U	M	L			
How satisfied with overall services	88	86	77	92	93	Upper
How satisfied with the quality of their home	87	85	79	86	99	Upper
Listening to views and acting upon them	73	71	68	86	100	Upper
How satisfied that their serviced charges offered value for money	74	66	60	76	No info available	Upper (STAR 2015)
How satisfied with their neighbourhood	88	84	81	88	100	Upper
How satisfied that their rent offered value for money	84	82	80	82	99	Upper
How satisfied with their repairs service	85	78	73	87	96	Upper

Since July 2014 we have routinely asked the company commissioned to carry out our surveys to collect the much tougher measure of a "net promoter" score (NPS). Customers surveyed are asked 'How likely are you to recommend Manningham to family or friends?' The 'net promoter' score is calculated by subtracting the number of 'detractors' (those stating that they would be unlikely to recommend their social housing provider) from the 'promoters' (those stating that they are likely to recommend their social housing provider), and expressing the result as a percentage of the total of promoters and detractors.

From a social housing perspective it is a good measure of how happy, loyal and engaged customers are. In the case of Manningham Housing Association, from the survey the net promoter score (NPS) came out at 65 in July 2015. This shows extremely high customer loyalty as in the private sector companies with the most efficient growth have an NPS of 50 to 80 with the average company having an NPS of 5 to 10. Whilst we haven't measured our NPS since 2015 we are confident that customer loyalty remains high as our customer satisfaction has continued to increase and demand for our properties remains extremely high. We will include the NPS as part of our next full customer satisfaction survey.

3.2 Supporting our customers through difficult times

The year of review 2016-17 has continued to be a challenging year for MHA and its customers. The on-going Welfare Reforms, in particular the Spare Room Subsidy and the further reduction of the Benefit Cap, impact more adversely on MHA customers as we have a large proportion of large family homes to meet the needs of the BME community in Bradford. BME communities are generally more affected by the Welfare Reforms and this was confirmed in recent research carried out by the think tank Runnymede who found:

“Black and minority ethnic people are more likely to be disadvantaged by the budget. While ethnic minorities form around 11% of households and 14% of the UK population, we expect them to be over 15% of households and around 25% of individuals worst affected by the budget – because of their younger age, higher child poverty, lower wages, fewer pensioners and greater part time working.”

Despite these challenges at MHA we have been able to mitigate the impact on our rent arrears and since all the welfare reforms were introduced in 2013 our rent arrears have remained around the same level.

As a social housing provider we want to support our residents to manage the impact of welfare reforms and we have been able to do this by:

- Using every opportunity available to highlight the welfare reforms and how they could impact on individuals.
- Provide training for our staff to bring them up to date with the changes so they can advise customers accordingly.
- Continued support for customers who were getting Discretionary Housing Payments to apply again and liaising with the benefits staff to support these applications. We have needed to recruit a temporary member of staff periodically to deal with the high volume of customers we have needing support to make Discretionary Housing Payment applications.
- Using our allocations policy to prioritise customers who needed a smaller house due to the spare room subsidy thus preventing potential financial difficulties and even possible repossession action.
- Working jointly with DWP to visit our customers affected by the benefit cap and to provide advice on seeking employment.
- Provide financial support to help families downsize where they have suffered financial hardship as a result of the Spare Room Subsidy

By providing support to customers suffering financial hardship we have successfully been able to help them claim £67.8k for the period April 2016 up to March 2017 in Discretionary Housing Payments. Without MHA's support many of these customers would not have been able to cope with the shortfalls in their rent and could potentially be in a homeless situation.

In April 2017 the government made amendments to the bedroom subsidy size criteria for Housing Benefit and Universal Credit claimants.

In summary, the regulations allowed an extra bedroom for Housing Benefit claimants:

- When a disabled child or disabled non-dependant adult reasonably requires, and has, overnight care from a non-resident carer (or group of carers) and is in receipt of a specified disability benefit; and
- In respect of a disabled couple, when a LA is satisfied that a couple cannot reasonably share a bedroom as a result of a member of the couple's disability and that member is in receipt of a specified disability benefit.

We contacted the customers affected by these changes and as a result 28 customers are likely to have their housing benefit claims reviewed. We will not know the number of customers who have met the criteria for the exemptions until the customers claims have been reviewed by the Housing Benefit department.

In light of the introduction of the Local Housing Allowance cap in 2019 we have decided to set aside £100k over 5 years from 2019 to support tenants through periods of financial hardship. The organisation also made a commitment not to exclude applicants under the age of 35 from our schemes but rather manage the impact of the Shared Accommodation Rate through Fixed Term Tenancies and robust affordability checks prior to offering new tenancies.

It is difficult to quantify an accurate figure in financial terms of the benefits of this work but the social value added is undeniable. The work ensures that we mitigate the impact of the reforms on our customers who without this support could end up losing their home and cost the state a lot of money through the provision of temporary accommodation not to mention the cost of the impact on individuals emotional and wellbeing. Given our capacity as a small organisation we feel this approach of signposting and working with other partners provides better value for money for MHA rather than direct provision.

4. ADDING SOCIAL VALUE

4.1 Providing new homes

Historically, MHA has had a strong track record of developing new homes, and this continued in the first nine months of 2016/17, with an additional 34 new homes delivered.

Providing new homes	2016-17	2015-16	2014-15
New Homes built-additions to management	34 homes	14 homes	53 homes
Development Expenditure per audited accounts	£2.07m	£3.97m	£5.88m
Debt per unit based on average units	£37.7k	£38.7k	£36.2k

Following an in-depth assessment by the Homes & Communities Agency, in February 2017 it was confirmed that Manningham had been graded as 'G3' against the governance standard. This was a disappointing outcome, and as a result we have taken the decision to pause development activity and focus on getting our governance arrangements back on-track.

Whilst activity has paused, our appetite to develop new homes to meet the needs of the people of Bradford remains strong. Whilst there is currently no defined timescale for this, we expect to recommence development in the medium term.

We will also take this opportunity to review our funding strategy and consider whether we can reduce our overall level of debt. Our current weighted average cost of capital is c.4.9%, and over 90% of our debt is at fixed rate, with bullet repayments of £8m due between 2021-2025. This will mean we will be in a better financial position when we decide to start developing again.

4.2 Investing in disadvantaged communities

Through our community development strategy the Association is committed to playing a significant role in supporting and in investing in the communities with which we work.

This includes dealing effectively with crime and anti-social behaviour which can have a devastating impact on people's lives. For this reason Manningham has made a commitment to deal with reports of anti-social behaviour quickly and firmly.

There are times where the anti-social behaviour is not just carried out by individuals but is due to social problems in the wider neighbourhood within which the Association's housing schemes are located. In these cases Manningham operates within a multi-agency approach working with others including the Police and the Youth Service. As part of its wider community development strategy this is an area of work which the Association is developing further through partnership with a local community regeneration organisation. The Association has identified neighbourhoods which it now knows require interventions to improve the lives of people living in them.

These neighbourhoods often suffer from crime, financial and social deprivation, and by understanding the main causes of these the Association is committed to developing interventions to tackle these issues. We have already commenced intervention activities on one of our schemes working jointly with an organisation called Hollins Youth Association. Using one of MHA properties as a base to run community activities we have been able to:

- Reduce crime in the immediate neighbourhood
- Reduce tenancy turnover on the scheme which was mainly as a result of crime and anti-social behaviour
- In partnership with the local authority, installed CCTV and 24 hour monitoring to provide local people with a sense of safety which they previously lacked
- Provided training, workshops and advice for local residents

A key part of the Association's community development strategy, that has already been mentioned, is the awarding of small funds of up to £500 from the Community Initiatives Grants (CIG). Applications are invited from individuals or groups who can use the money to benefit a scheme or neighbourhood.

Activities include healthy eating, dental health workshops, sports sessions, baking, swimming, boating, ice-skating and day trips.

5. HOW ARE OUR ASSETS PERFORMING?

5.1 Our stock

The Association owns and manages 1,430 homes. The vast majority comprise general needs housing, and we also own a purpose-built refuge for women fleeing domestic violence which is leased to Bradford Women's Aid, and a modern purpose-built over 50s scheme. The general needs stock is mainly large family houses, with approximately 76% of general needs homes having three or more bedrooms.

The majority of our stock is new and purpose-built having been developed using social housing grant and is of the quality that meets the standards required to qualify for this funding.

Most of Manningham's stock is in the same local authority area of Bradford, with a small number of units in neighbouring Craven.

5.2 Our aim

We know the value of all our assets: not just their actual and potential financial value, but also their strategic importance to the business.

The aim of our VFM framework is to ensure that we make the best use of our assets to meet the needs of current and future residents.

To achieve this, we need to understand how much an asset will contribute throughout its useful life, taking into account factors including its age, location and how much it costs to maintain.

We aim to ensure that the homes we own generate more income than they cost to run, that there is demand for them when they become vacant and that our customers who occupy them are reasonably satisfied with them. As is detailed below, we do this through:

- our asset management strategy - the development, purchase, use, maintenance, and disposal of every asset,
- through good long term financial planning,
- through good insight information, and regular surveys of our customers.

5.3 Our Asset Management Strategy

In February 2017 we reviewed and put in place an Asset Management Strategy which outlines our approach and plans for the effective and efficient use of our assets. The key objectives of the asset management strategy are:

- Ensure all regulatory and legal obligations are met including Decent Home Standards (DHS) and the Housing Health and Safety Rating System (HHSRS)
- Ensure that we invest wisely in our properties, supporting other key corporate strategies.

- Ensure that we continue to respond to what our customers are telling us
- Ensure that we seek to maximise the value of everything we do
- Ensure that any disposals (identified in the Business Plan) that are made maximise value and support other corporate aims, e.g. investment in new homes.

To support our asset management strategy during 2017 we will be commissioning another stock condition survey to update the information that we already hold on our stock as well as update our 30 year major repairs spend profile.

5.4 Major repairs expenditure

Major repairs expenditure is in line with our stock condition survey and the expenditure over the last three years has been as set out in the table below.

Year	Forecast 2017-18	2016-17	2015-16	2014-15
Major repairs Expenditure - revenue and capital	£1.30m	£0.64m	£1.22m	£1.17m

We are committed to keep our stock in good condition and this contributes to maintaining and improving our tenants living conditions as well as contributing to the local economy.

5.5 Are we meeting our aim?

VFM cannot be delivered successfully without constantly using all of the information we have to assess if we are meeting our aim. In broad terms we believe that we are meeting the aim that we have for how our assets perform as stated in the previous section. We know that because:

- From an independent assessment of our stock, we know what investment it requires in the short and long term and have made provision for this expenditure in our long term financial planning. We will be strengthening this information by updating our stock condition data in 2017 with a reduction in our cloned data.
- Demand for all our homes is strong. This is evidenced by the fact that the Association's void performance is good. For the year under review, 2016-17, the average end to end time for letting for all our properties was 9 days. Again this year we have been able to achieve better performance than the top quartile for HouseMark. Our void loss, the percentage of rent we failed to collect due to our homes being empty, for 2016-17 was 0.37% which is lower than last year at 0.39%.

We have very high demand for our properties with over 3000 applicants registered on our home options website for housing and this always generates a huge amount of interest for vacant properties that we advertise each week.

- The recent tracking monthly surveys shows that out of 320 customers surveyed only 2 tenants surveyed (1%) said they were dissatisfied with the quality of their home.

- The strong demand for our homes is due to a combination of factors. The housing needs in Bradford generally are high but are particularly so for the disadvantaged communities that Manningham exists to serve. Members of these communities find that our homes meet their needs because:
 - ✓ they are located in the right areas,
 - ✓ are of the right size, particularly serving the needs of extended families and
 - ✓ are generally new purpose built and of a good quality.

Our unique portfolio of housing has meant that we have not experienced the low demand issues that a number of other registered providers in Bradford and parts of the north have faced with their larger properties.

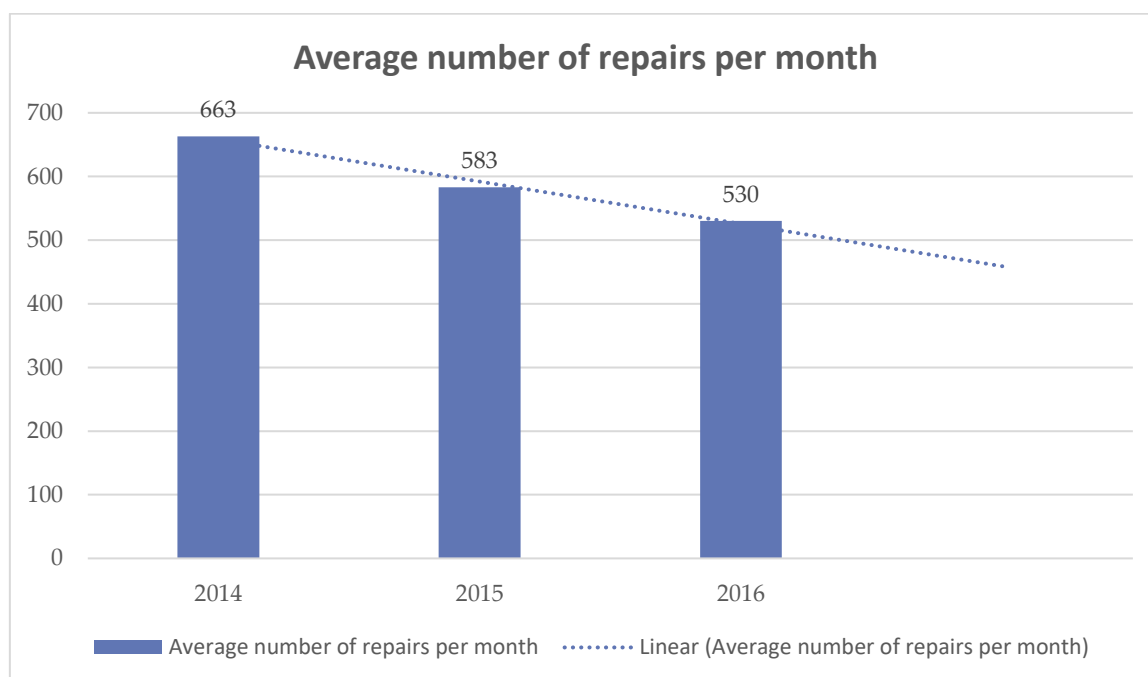
However, the Association does have a small number of homes that are “older.” This includes 52 dispersed terraced homes that were acquired without any or very small amount of improvements being made to the properties. In addition we have 40 units on one estate that are managed on a lease from another housing association. Whilst these are not particularly old, having been built in the seventies, they are system-build houses and some are beginning to show signs of condensation and damp - which customers are understandably not satisfied with. We have carried out an analysis and appraisal of both of these property types with the following conclusions:

- The stock condition survey has revealed that whilst our dispersed properties are older than our purpose built schemes they are of a good condition with low levels of maintenance required over the coming years. This spend is mainly around new kitchens and roof coverings and projected replacement years are consistently spread over the next 30 years. Demand for these properties remains.
- Having carried out a financial appraisal on the lease managed properties; the scheme does generate income for Manningham, despite the additional maintenance expenditure on these properties. The landlord for this scheme is currently considering various options for this neighbourhood, one of which is to replace these homes with new properties to meet the needs of the local community.

Using our own in-house expertise we developed detailed data mining reports which are helping us understand our costs better. An example of this is where we have been able to identify customers who are reporting more than the average number of repairs. These are followed up by home visits to identify the reasons for this such as investment needed in property, tenant neglect or poor quality of components and then actions identified to reduce these repair requests.

We have also identified properties that are reporting the same repair that has recently been completed.

Through this data gathering and the continued investment we are making in our homes we have seen a gradual decrease over the last three years on the average number of repairs reported by our tenants. The graph below shows the reduction in repair requests:



The reduction in repair requests reported has led to direct reduction on responsive repairs spend. During the financial year 2016/17 we made a saving of c.19% on the budget. This reduction in spend will begin to show in our unit costs next year.

If at any stage any of our homes were assessed as being undesirable or require unreasonably high levels of investment we will consider disposal as stated in our asset management strategy. We will also consider voluntary sales if that supports our objectives for development of new homes.

5.6 Return on assets

A return on assets is a financial assessment of how well our assets (ie mainly our properties) are performing. The easiest way to explain the return on assets is to show how much net income those assets are generating for Manningham compared to what it spent on them.

In 2017/18 we will introduce a system for developing a comprehensive range of asset performance indicators. These will be based on the Net Present Value (NPV) of individual assets, and include other financial and non-financial indicators that will help identify the underlying causes of asset performance and thus enable us to target improvement action more effectively.

Using the NPV and other indicators will allow us to categorise those assets in the following way:

- Homes that are “good” and we can be confident in their long term value
- Homes that are ‘satisfactory’, but could perform better
- Homes that are a “cause for concern”

The following table shows Manningham’s return on assets as per draft accounts.

Financial Year	Total number of homes at year end	Operating Surplus non-consolidated	Total Assets less current liabilities	MHA's ROA
2016-17	1,430	£3.67m	£122.47m	3.00%
2015-16	1,401	£3.10m	£123.22m	2.51%
2014-15	1,419	£3.30m	£119.47m	2.76%

In 2016/17 the association implemented a number of cost-saving measures. As a result, despite the continued application of the 1% rent reduction, we achieved an Operating Surplus of £3.7m and our net rental income increased by £114k due to additional units brought into management. A key contributor to this was a review of the responsive and planned maintenance service and recalibration of the types of works undertaken. This achieved a c.28% reduction in costs, equivalent to c.£400k. Whilst some savings were due to deferral of investment and painting works, it is anticipated that c.£90k of these savings are year-on-year recurrent savings.

5.7 How the return helps us achieve our objectives

The return that we make on our investment, and the additional efficiency savings that we are planning to make, help us deliver our organisational objectives. More details are provided about each of these in this report but a summary is provided here.

- We invest in our homes to ensure that they continue to be of high quality and meet the needs of our customers.
- We continue to provide new homes that meet the huge needs in Bradford to house those that live in very overcrowded conditions, are in poor housing, are actually or are at threat of homelessness and those that have been the victims of domestic violence.
- We employ and invest in good quality staff in order that we can most effectively deliver our business objectives. This has led directly to a strong performance against our KPIs and customer satisfaction levels.
- We endeavour and aspire always to offer services of high quality to our customers.
- We have supported customers to mitigate the effects of welfare reforms in general and the under-occupation charge in particular.
- We invest in a range of activities and work that goes beyond our core landlord function but contributes towards improving the quality of life our customers and the neighbourhoods in which they live. Making small funds available from our Community Initiatives Grant through which residents carry out positive work in their areas is one example of this.

6. THE INCOME AND COSTS FOR RUNNING OUR BUSINESS AND HOW THEY COMPARE

6.1 Rent levels

Using the HCA's Regulatory Statistical Data Return (SDR) information for 2015-16, we were able to satisfy ourselves that Manningham's rent levels compare favourably with those for other registered providers in Bradford. This information is shown in the table below. In addition all our rents are within the target rents that are agreed at the development funding stage and are lower than Bradford's Local Housing Allowance.

No. of Bedrooms	MHA Average Rent	Lowest Average Rent	Housing Association	Highest Average Rent	Housing Association
1	£65.34	£65.34	MHA	£90.21	Home Group
2	£82.09	£77.47	Accent Foundation	£105.92	Stonewater Ltd
3	£99.25	£85.29	Riverside Group	£113.85	Housing & Care 21
4	£116.60	£97.47	Accent Foundation	£128.63	Stonewater Ltd
5	£120.40	£104.11	Accent Foundation	£120.40	Manningham HA
6+	£132.49	£99.26	Home Group	£132.49	Manningham HA

Source: Statistical Data Return November 2016

Comparative rent levels are not yet available for 2016-17, however our rents for 2016-17 are shown below. Based on an assumption of -1% applied to the non-MHA average rents above, it is reasonable to assume we will continue to benchmark favourably:

No. of Bedrooms	MHA Average Rent 2016-17	Forecast Lowest Average Rent	Forecast Highest Average Rent
1	£64.57	£64.69	£89.31
2	£81.29	£76.70	£104.86
3	£98.25	£84.44	£112.71
4	£115.43	£96.50	£127.34
5	£119.20	£103.07	£119.20
6+	£130.33	£98.27	£131.17

Whilst Manningham Housing rents are the highest for 5 and 6+ bedrooms it must be noted that being a BME specialist provider we have the highest number of these types of properties in Bradford which are always in extremely high demand. The cost of building and maintaining large family homes is

also high. To provide a comparison the table below shows the number of 5 and 6+ bedroom homes provided in Bradford by registered provider.

Registered Provider	5 bed	6 bed+	Total
Accent Foundation Limited	2	1	3
Affinity Sutton	0	0	0
Equity Housing Group	0	0	0
Habinteg Housing	0	0	0
Hanover Housing	0	0	0
Headrow Ltd	0	0	0
Home Group	15	2	17
Housing & Care 21	0	0	0
InCommunities	12	7	19
Manningham Housing Association	142	32	174
Muir Group	0	0	0
Places for People	8	1	9
Sanctuary Housing	0	0	0
Stonewater Limited	0	0	0
Riverside Group Ltd	0	0	0
Yorkshire Housing	31	0	31

Source: Statistical Data Return September 2016, MHA figures remain the same for 2016/17

According to the independent survey of our customers carried out in July 2015, 82% of those surveyed said that they were satisfied that the rent Manningham charged represented value for money. From the monthly tracking surveys introduced since December 2016, of the 320 customers surveyed only one (0.3%) has expressed dissatisfaction with the level of their rent and whether this represents value for money.

6.2 Social Headline Housing Cost per Unit

Using the HCA 2016 Global Accounts of Housing Providers we are able to benchmark our Social Headline Housing Costs per unit as well as unit costs for management and maintenance.

Last year the HCA wrote to all housing associations with their unit cost information benchmarked with all other landlords which includes supported housing, LSVT, small and large organisations nationally. The table below provides a summary of costs for 2015 and 2016, plus draft figures for 2017, so that we are able to get an understanding of our direction of travel.

Comparison	Headline Social Housing CPU (£k)			Management CPU (£k)			Maintenance CPU (£k)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Sector Average	3.55	3.96	N/A	0.93	1.04	N/A	0.98	1.0	N/A
Manningham HA	3.31	3.44	2.60	1.27	1.33	1.28	1.05	1.0	0.70

To try and get more meaningful comparative information two further benchmarking groups were analysed. These are:

- Traditional Housing Association with under 3000 properties, excluding London, South East and South West (27 Housing Associations)
- BME Housing Associations, excluding London, South East and South East (6 Housing Associations)

Housing Associations in London and the South have been excluded as we would assume their costs would be higher both for management and maintenance.

We have provided this additional comparison for BME housing association as they are more similar to Manningham in terms of size, nature and stock profile, although Manningham is quite unique in having a large proportion (over 75%) of our stock made up of large family homes.

Organisations under 3000 properties, excluding London and South (Global Accounts 2016)

Comparison	Headline Social Housing CPU (£k)	Management CPU (£k)	Maintenance CPU (£k)
	2016	2016	2016
Group Average	5.42	1.33	1.02
Highest CPU	21.35	3.77	1.59
Lowest CPU	2.38	0.68	0.52
MHA CPU	3.44	1.33	1.0

BME Housing Associations excluding London and South (Global Accounts 2016)

Comparison	Headline Social Housing CPU (£k)	Management CPU (£k)	Maintenance CPU (£k)
Group Average	3.32	1.16	1.02
Highest CPU	4.10	1.6	1.25
Lowest CPU	2.38	0.82	0.68
MHA CPU	3.44	1.33	1.0

The findings from the benchmarking is summarised below:

- Across all organisations there has been an overall increase of the Headline Social Housing CPU from 2015 to 2016 accounts. However, the increase for MHA in relative terms has been lower. The sector average increase was £0.41k whereas the increase for MHA is £0.13k.
- Whilst there has been an increase of £0.2k for sector average maintenance costs between 2015 and 2016, MHA has seen a decrease of £0.05k

- Our maintenance costs for all the comparative groups is either at sector average or better than sector average. This is despite MHA stock profile being unique in that all our housing is general needs with over 75% of our properties being large family homes.
- For 2017 we envisage MHA's Headline Social Housing CPU and Maintenance CPU will reduce significantly. This is due to the decision to defer the cyclical painting programme for 1 year; it is expected costs will increase again in 2017/18 (2016/17 cyclical programme: £0.67k per unit)
- In two of the benchmarking groups, BME and all organisations, MHA Management CPU is higher than average, although when benchmarked against organisations with up to 3,000 properties our costs the same as the average
- Exceptional management costs are reflected in both 2015/16 and 2016/17, as explained below.

6.3 Trend for management costs

The table below shows our management costs for this year and the last two years.

Percentage of turnover for non-consolidated accounts	2017	2016	2015
Management costs, service costs and supported housing costs (per audited accounts)	25.0%	25.0%	23.1%
Management costs, service costs and supported housing costs (excluding SHPS deficit)	24.6%	22.9%	23.6%

All figures on FRS102 basis

Management costs in 2016 include SHPS deficit adjustments (per FRS102) which distort year-on-year comparisons. These costs were £27k for 2016/17, £178k in 2015/16 and -£49k in 2014/15.

Excluding these pension costs, management costs increased from £1.33m in 2014/15 to £1.67m in 2015/16; this was partly due to one-off exceptional payments made in relation to staffing issues totalling £144k. Excluding these payments, management costs remained broadly similar year-on-year, with the remaining variance mainly attributable to inflation and overheads capitalised to development.

In 2016/17 management costs have increased to £1.80m (excluding pension adjustment). In 2016/17 there were again exceptional payments made relating to final resolution of the same staffing issues, totalling £84k. The increase in management costs in 2016/17 is largely due to changes in senior management and governance arrangements since the HCA in-depth assessment, including legal and professional services commissioned.

We do not envisage these, or similar, exceptional costs will be incurred in 2017/18; however a temporary CEO will be in post for at least 9 months of the year, at a higher cost than a permanent equivalent. This is critical to us working towards regaining G2 / G1 status and is therefore felt to be appropriate in the short-term. We therefore expect management costs to reduce in 2017/18 and again in 2018/19, when we expect costs to be normalised. The Board recognise that being a smaller housing association we are not able to benefit from the economies of scale as larger organisations and achieving sector average management costs per unit may not be achievable. In addition as a

BME Housing Association over 70% of our tenants are from the BME communities living in neighbourhoods with multiple deprivation. The majority of our stock is large family housing with high numbers of occupancy. The level of support our tenants require is greater and more complex than what would be normally expected as is the demand for tenancy management services. We are however committed to ensuring our management costs compare favourably with similar sized organisations.

6.4 Sector Scorecard

During 2016/17 a VfM Scorecard has been in development for the sector, and is currently being piloted. The Scorecard comprises 15 measures designed to give an overview of Value for Money performance of an organisation. In order to understand its performance against the Scorecard measures, MHA's results for 2015 and 2016, plus draft figures for 2017, are shown below:

Measure	2017 (Draft)	2016	2015	Comments
A: Business Health				
1. Operating Margin	41.5%	36.1%	38.3%	The Operating Margin remains well above the internal threshold of 25% and benchmarks favourably.
2. Increase / Decrease in Operating Margin	5.4%	-2.2%		
3. EBITDA-MRI* (as a % of interest)	148.7%	114.6%	127.6%	Whilst the EBITDA-MRI remains above the covenant threshold of 115%, this is anticipated to tighten over coming years as the -1% rent increase continues. Results are in line with business plan.
6. Gearing	392.1%	416.8%	414.6%	MHA have a high proportion of debt relative to its equity. Management will be considering a debt reduction / management strategy during 2017/18.
Net Debt	£48.7m	£47.8m	£45.9m	
Equity	£12.4m	£11.5m	£11.1m	
B: Development Capacity				
N/A – although can be measured historically, as MHA is no longer undertaking development, measures 4 and 5 have not been included (units developed absolute and as a % total units owned)				
C: Outcomes Delivered				
7. % Customers satisfied that rent provides VfM	99.7%	82%	N/A	Based on survey results we are confident the vast majority of tenants believe their rent provides value for money.
8. Measures £s invested in new homes for every £ generated from operating activities. We are not currently developing therefore historic figures are not included.				
9. Measures £s invested in communities for every £ generated from operating activities. We do not currently report this separately to operating activity and are looking at how we can disaggregate this.				
D: Effective Asset Management				
10. Return on Capital Employed	2.9%	2.5%	2.8%	MHA’s ROCE is at a healthy level and has remained consistent over the last three years.
11. Occupancy	99.79%	99.64%	99.15%	MHA’s occupancy rate remains very healthy and benchmarks very favourably.

12. Ratio of responsive maintenance to planned maintenance spend	99.5%	53.8%	54.1%	The ratio for the last two years was positive, with a relatively high proportion of planned works. The ratio in 2016/17 is skewed by a one-year decision to defer some planned painting works; although responsive maintenance reduced in absolute terms (see measure 13d) the proportion increased.
E: Operating Efficiencies				
13. Cost per unit split by:				
a) Headline Social Housing Cost per Unit	2,599.39	3,430.41	3,278.37	Overall costs have reduced. This is primarily due to deferral of cyclical painting works (2016 c.£666 CPU). Excluding this, overall costs have remained consistent with 2015. 2016 and 2017 include some exceptional costs (see 6.3).
b) Management Cost per Unit	1,278.74	1,320.49	899.93	See Section 6.3
Management CPU excl SHPS Pension	1,262.66	1,193.43	865.40	
c) Service Charge Cost per Unit	158.59	207.71	271.32	Costs have reduced following an audit which identified some costs that were being charged in error, and are now being refunded.
d) Maintenance Cost per Unit	706.38	1,004.28	1,046.51	As above – maintenance costs have reduced in 2017 for two main reasons: - Decision to defer cyclical painting works - Savings achieved through effective procurement of routine maintenance works
Maintenance CPU – Responsive Only	575.31	655.96	657.51	
Maintenance CPU – Planned Only	131.07	348.32	389.01	
e) Major Repairs Cost per Unit	447.33	870.09	825.93	As with cyclical painting, some works originally scheduled for 2016/17 have been deferred. There is no detrimental impact to the quality or value of the housing asset portfolio.
f) Other Social Housing Costs Cost per Unit	8.34	27.84	234.67	These costs are not significant.
14. Rent Collected	100.2%	100.5%	99.5%	Rent collection has remained above 100% despite the increasing difficulties faced by many of our customers. This benchmarks favourably with the sector.
15. Overheads as a % Adjusted Turnover	Not yet available			

**Earnings Before Interest, Tax, Depreciation and Amortisation, Major Repairs Included*

7. CHALLENGING COSTS

7.1 Developing a VFM Culture

VFM is a clear strategic and operational priority for us. To ensure that this has the biggest impact, and effectively underpins everything we do, we have worked to develop an organisation-wide culture of challenging costs by ensuring that this encompasses every process and every employee, no matter how small these actual cost reductions may be. Our goal is to ensure every single employee is focussed on VFM and for it to be within their mindset.

7.2 Areas where costs have been reduced

There have been a number of specific areas where we have challenged and reduced costs during 2016-17:

Responsive repairs

In 2016 we decided to review our service offer for responsive repairs. Whereas historically we would carry out many repairs that were outside our statutory or contractual responsibility, the revised service offer means this is no longer the case. The revised service offer was done in consultation with our Manningham Residents Panel who were very supportive of the proposal.

As well as this service offer change we have been using detailed data mining reports to help us understand our costs better. An example of this is where we have been able to identify customers who are reporting more than the average number of repairs. These are followed up by home visits to identify the reasons for this such as investment needed in property, tenant neglect or poor quality of components and then actions identified to reduce these repair requests. We have also identified properties that are reporting the same repair that has recently been completed. Within 12 months of work in this area we have seen a reduction of almost 50% of our tenants who reported more than 10 repairs over a 12 month period. In March 2016 we had 210 tenants who reported 10 or more repairs; in June 2017 we have 106.

Over the last two years we have seen a gradual decrease in the number of repair requests and in the last 12 months we have seen an overall decrease of approx. 20%. The table below shows this decrease over a 12 month period.

2015		2016		% Reduction
January	966	January	749	-22%
February	727	February	658	-9%
March	702	March	568	-19%
April	615	April	545	-11%
May	549	May	474	-14%
June	594	June	517	-13%

July	605	July	492	-19%
August	554	August	454	-18%
September	619	September	410	-34%
October	603	October	475	-21%
November	791	November	605	-24%
December	603	December	417	-31%
Year Totals	7928		6364	-20%

This reduction in repair request has contributed in responsive repairs budget underspend of c.£179k, which is 19% of the budget.

Major repairs and high cost items expenditure

In 2016 our maintenance team have negotiated fixed prices with local suppliers for high cost components such as boilers, kitchens, bathrooms and showers.

All responsive repairs that require replacement of these items are now issued to our contractors on a fit only basis, thus avoiding the mark-up which contractors usually make on components.

As an example, in 2017 our average cost from a contractor to supply and fit a new central heating boiler was £1.9k. Partway through 2017 we agreed a cost with a local supplier for the standard boilers we used and asked our contractors to fit only. The average cost for replacing a boiler reduced to £1.4k. In 2017 we replaced 45 boilers outside our major repairs programme making a saving of £23.0k.

In 2016/17 we delivered our major repairs programme differently to get benefit from the component costs we had agreed with suppliers. As an alternative to issuing a supply and fit tender for major works we issued a fit only tender.

On a relatively small programme that we delivered on 2016/17 we made a direct saving of 7.5% from the previous year. This 7.5% does not take into account any inflationary cost should we have tendered out the major repairs programme in the usual way. The monetary value in savings for small programme of 110 properties was c.£26k. Our annual programme is normally twice this size so the potential saving in future years will be much higher.

Independent review of repairs and maintenance

A recent independent review of our repairs and maintenance costs has been completed providing us recommendations where we may be able to gain efficiencies. The summary findings are:

- Overall we are getting reasonable value for money for our responsive repairs and major repairs programmes
- Our average cost per repair is below the sector average
- Whilst our average number of repairs per property is marginally higher than the sector average this is probably attributed to the fact that our property portfolio consists of large family housing

- There is the potential to achieve further efficiencies by purchasing a 3 or 4 Star Gas Servicing and gas repairs contract rather than using our current approach
- Recommendation to revise our Procurement Strategy
- Recommendation to re-consider how we procure our responsive and major repairs services

Interest Payable

In September 2016 we put in place a 3-year interest rate fix at 0.889% on our £5.0m funding facility with THFC. This was previously fixed at 2.791%. This revised fix will deliver £285k savings in interest cost over the three years.

8. HOW HAVE WE PERFORMED

The table below provides information from the 2016-17 Quarterly Performance (Q4) HouseMark report which compares our performance for the year with housing providers who own and manage under 5000 properties in England (71 organisations, excluding London and The South) who have submitted their data across a number of key performance indicators. Where benchmark data was not available for this group, this is shown with an asterisk, and the data provided is for all organisations in the dataset (349).

Indicator	Satisfaction with Overall Services (%)	Average no. of days to complete a repair	Average no. of days to relet void	Gas safety	Rent collected as % of rent roll	*Rent arrears net of HB due	Void loss
Upper Quartile	91.38	6.14	13.2	100.00	100.3	1.69	0.35
Medium Quartile	89.50	7.88	17.65	100.00	99.6	2.09	0.47
Lower Quartile	83.15	10.14	24.36	100.00	99	2.87	0.63
Manningham HA	93	7	9	100.00	100.2	2.11	0.37

*This data is for all organisations as data for organisations under 5000 units is not available

The table shows that Manningham's performance across the key indicators is strong. With the exception of rent arrears our performance is at medium or top quartile. In the case of rent arrears we are very close to medium quartile which we believe to be an excellent performance considering the substantial impact on our customers of the welfare reforms in general and the under-occupation charge (bedroom tax) in particular.

9. PLANS FOR THE FUTURE

Our current Business Strategy has a number of further actions for the future which will enable us to meet our Value for Money (VFM) objectives. Getting best value from our resources is essential to

ensure we can continue to deliver new homes and invest in our communities within the constraints of our financial capacity.

The table below sets out the key actions relating to Value for Money (VFM) and the measures we will use in understanding the extent of progress against our objectives.

Key action	Measure	Target
Understand the reasons for higher than sector average Management CPU and reduce this where possible	A reduction in Management CPU for 2017/18	Sector average management CPU for 2017/18
Re-procure gas servicing and gas repairs service and consider whether procurement savings can be achieved in other areas of property maintenance	A reduction in CPU for gas servicing and gas repairs Completion of procurement review	Achieve a CPU of c£100 by adopting a 3 or 4 star contract Implement findings of procurement review of maintenance services
Develop an approach, using financial and non-financial information, to help us better understand our asset performance.	We are able to use asset performance information to make asset management decisions	Mechanism in place to measure NPV of schemes / units Develop mechanism to identify stock which we may need to dispose of
Consider where 'smart' procurement could reduce costs	Reductions in expenditure against identified categories	Develop Procurement Strategy, including 2017/18 procurement of: <ul style="list-style-type: none"> - Gas servicing (above) - Insurance - Audit services - Treasury Management
Consider whether staffing structures are as efficient and effective as possible	Review of support services staffing structures	Review undertaken and implemented based on findings
Consider whether sharing back office functions with other organisation(s) to reduce cost is a strategy the Board wishes to pursue	Strategic discussion around shared services	Board to discuss options at Away Day in July 2017. Depending on outcomes of discussions, any decisions to be implemented.

10. CONCLUSIONS

Having carried out this VFM assessment there are a number of conclusions that we can draw:

- Costs for running our business compare favourably both nationally and for the peer groups whom we have benchmarked with. In particular headline CPU (3.44) and Maintenance CPU (1.0) are sector average or below sector average.
- We recognise that our Management CPU is higher than the sector average. We will focus on understanding the reasons for and work to reduce appropriately where we can.
- Despite the low overall unit costs per property the Association's performance across a range of other key indicators is extremely strong as can be seen in section 8.
- We are committed to delivering value for money as is evidenced by the fact that it is one of the key objectives of our business strategy and the future plans that we have outlined in section 9. We continue to challenge our costs and this is shown in section 7 of the report.
- MHA is an organisation with high-quality assets, high demand for its products and services, strong rent collection, low levels of voids, and operating costs that benchmark favourably. Although it faces some challenges over the next twelve months – namely addressing the governance issues identified and reducing its debt – MHA remains a solid, financially viable business with a positive future.

11. THE HCA'S VALUE FOR MONEY STANDARD

In this document we believe that we have demonstrated how we comply with the HCA's regulatory requirements in respect of VFM and have reproduced the standard fully below.

Required outcomes

Registered providers shall articulate and deliver a comprehensive and strategic approach to achieving value for money in meeting their organisation's objectives. Their Boards must maintain a robust assessment of the performance of all their assets and resources (including for example financial, social and environmental returns). This will take into account the interests of and commitments to stakeholders, and be available to them in a way that is transparent and accessible. This means managing their resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering on - going improvements in value for money.

Specific expectations

1.1 Registered providers shall:

- have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade-offs and opportunity costs of its decisions.
- understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives.
- have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance.
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

1.2 Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The assessment shall:

- enable stakeholders to understand the return on assets measured against the organisation's objectives.
- set out the absolute and comparative costs of delivering specific services.
- evidence the value for money gains that have been and will be made and how these have and will be realised over time.

Extract from the "Regulatory framework for social housing in England from April 2012" published March 2012.



Value for Money Statement 2016-17

Manningham Housing Association Limited
Bank House 30 Manor Row
Bradford BD1 4QE
Telephone 01274 771144
www.manninghamhousing.co.uk