



# Value for Money Statement 2015-16



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<b>Contents</b>	<b>Page</b>
<b>FOREWORD</b>	<b>4</b>
<b>1. INTRODUCTION AND PURPOSE</b>	<b>6</b>
<b>2. WHAT WE SAID WE WOULD DO AND WHAT WE DID.</b>	<b>8</b>
<b>3. CONTINUOUSLY IMPROVING OUR CUSTOMER SERVICE</b>	<b>9</b>
3.1 CUSTOMER SERVICE	9
3.2 SUPPORTING OUR CUSTOMERS THROUGH DIFFICULT TIMES	11
3.3 ENGAGING OUR CUSTOMERS	12
3.4 DEVELOPING OUR STAFF SO THEY LOOK AFTER THE CUSTOMERS AND THE BUSINESS	13
<b>4. ADDING SOCIAL VALUE</b>	<b>14</b>
4.1 PROVIDING NEW HOMES	14
4.2 INVESTING IN DISADVANTAGED COMMUNITIES	16
<b>5. HOW ARE OUR ASSETS PERFORMING?</b>	<b>17</b>
5.1 OUR STOCK	17
5.2 OUR AIM	18
5.3 OUR ASSET MANAGEMENT STRATEGY	18
5.4 MAJOR REPAIRS EXPENDITURE	19
5.5 ARE WE MEETING OUR AIM?	19
5.6 RETURN ON ASSETS	21
5.7 HOW THE RETURN HELPS US ACHIEVE OUR OBJECTIVES	22
<b>6. COSTS FOR RUNNING OUR BUSINESS AND HOW THEY COMPARE</b>	<b>23</b>
6.1 TOTAL COST PER PROPERTY OF HOUSING MANAGEMENT	23
6.2 TOTAL COST PER PROPERTY OF REPAIRS AND MAINTENANCE	24
6.3 HOUSING MANAGEMENT AND REPAIRS COST PER PROPERTY COMBINED	24
6.4 RENT LEVELS	25
6.5 TREND FOR MANAGEMENT COSTS	26
<b>7. CHALLENGING COSTS</b>	<b>26</b>
7.1 DEVELOPING A VFM CULTURE	26
7.2 AREAS WHERE COSTS HAVE BEEN REDUCED	27
<b>8. HOW HAVE WE PERFORMED</b>	<b>28</b>
8.1 OUR VFM SCORECARD	29
<b>9. PLANS FOR THE FUTURE</b>	<b>31</b>
<b>10. CONCLUSIONS</b>	<b>32</b>
<b>11. THE HCA'S VALUE FOR MONEY STANDARD</b>	<b>33</b>

## FOREWORD

### Fazlul Haq – Interim Chair of Manningham Housing Association



"Here at Manningham Housing Association we are committed to achieving Value For Money (VFM) in all aspects of our work. By doing so, we can ensure that our customers receive the maximum benefit from the rents and service charge that they pay.

The MHA Board has considered VFM throughout the year and has had a big part to play in shaping priorities for the organisation. Our vision is to strive for excellence in every facet of our business. We see value for money as being a key component of that and we are committed to continuing on this basis going forward.

In this report we have attempted to show how the organisation has run an effective and efficient business whilst being affected with the impact of welfare reform, rent cuts and further reductions in housing development funds. The key to obtaining the customer perspective is the Customer Scrutiny Panel. So that we can hear the customer perspective I am delighted that the Chair of the Customer Scrutiny Panel has added her views to their work and how this has contributed to the efficient and effective running of the business"

### Gina Thompson – Chair of the Scrutiny Panel



"As a Manningham Housing Association customer and Chair of the Customer Scrutiny Panel, I have developed a very good understanding on the association's approach to customer insight and involvement over the past few years. Through my work I can honestly say I am proud of the work we have done and the goals we have achieved in working together. I believe we wouldn't have been able to achieve a successful working relationship and to have gained top accolade through numerous national housing awards without the following three key things:

1. **MHA's sincere commitment:** all of the customers involved truly believe 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. More specifically, I have seen how the Association has created new opportunities for customers to get involved from developing its Customer Scrutiny Panel to launching its Customer Inspector and Mystery Shopping programme which has enabled customers to scrutinise the services provided, get involved in decision making and provide feedback to improve services.



2. **MHA’s investment into customer involvement:** as customers we have seen the resources the Association has allocated into recruiting customers into its various involvement opportunities; the investment it has made into training and developing customers whilst providing budgets for its panels to operate. Without this investment, customer insight and involvement would not exist on the scale it does today nor would the level of positive change it has brought to the Association’s services.



3. **High levels of commitment of partnership working:** we work closely with MHA’s Customer Insight and Performance Officer and also with MHA’s Service Managers and Senior Management. From them we have seen a level of commitment over the past few years where they take our opinions, views and experiences really seriously. So much so that we can see how the feedback we have provided has led to policy and procedural changes that have led to continuous service improvements.



It is due to this commitment to customer involvement that we have been able to work together on consultations and reviews which has led to positive change at MHA. For customers getting a high quality service that is important to us, demonstrates we are getting Value for Money. As an involved customer, I believe the investment the association has made in time, money and other available resources to customer involvement is being effectively and efficiently utilised in creating a meaningful partnership. I am really proud of the work we have done and the improvements we have achieved together and I am proud to be a customer of Manningham Housing Association.”

## 1. INTRODUCTION AND PURPOSE

In May 2016 the Board approved the Association’s current business strategy. This is on the basis that Manningham continues as an independent organisation. Currently we are at the last stages of the option appraisal exercise which is looking at further transformation of the organisation and or the possibility of a merger with a suitable organisation. The Board will be making a decision on the association’s future direction by autumn 2016.

The rent reductions announced in summer 2015 have had a very major impact on all registered providers. The changes have affected our future targets which were set out in the VFM statement for last year. A significant challenge we will face over 4 years from 1 April 2016 is the loss of over £2.47 million in rental income and we have had to take strong measures to mitigate the impact of loss of revenue to provide the level of services which we would aim to achieve.

*Notwithstanding these cuts 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:

- Deliver excellence for our customers.
- Deliver new affordable quality homes to help address Bradford's housing needs.
- Have a highly skilled workforce and achieve excellence in our governance of the Association.
- Have an excellent IT function and business support services.
- Be financially strong and deliver value for money.

The business strategy is set in the context of the distinct nature of Manningham. 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 (BMDC, 2010). The Index of Multiple Deprivation (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.





The IMD rankings also confirm that Bradford is the fourth most income-deprived district in the country. 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 specific communities that we exist to support the Association has decided to continue to provide new homes. This paper will explain in more detail later how the Association was able during this period of review to “sweat its assets” to meet this need whilst not compromising its financial viability.



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:



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. The data that we have provided is for the financial year ending 31 March 2016.



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 (a benchmarking service for the social housing sector).

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

Last year we produced a self-assessment for the period 2014-15. In this section, in the table below, we provide an update against the proposed actions in that statement.

Action proposed	Progress
<p>1. Following a fundamental review of how the maintenance service is provided and implement new arrangements such as shared services through Northern Shared Services ensuring savings against the current budget whilst maintaining/improving customer satisfaction.</p>	<p>We have held discussions with Northern Shared Services to join their cost sharing group. After detailed analysis we concluded that that MHA would not realise any savings by joining the group as our current costs were lower despite the 20% savings on VAT.</p> <p>We have however still managed to achieve an approx. 8% savings on our responsive repairs budget by reviewing our processes and reducing failure.</p>
<p>2. Explore how the smaller but significant contracts (below OEJU thresholds) are procured and whether using procurement arrangements in the sector and procurement clubs enables us to purchase at a lower cost than at present.</p>	<p>We have considered going through a procurement exercise for the delivery of our responsive and major repairs. However we decided not to pursue this until the Board have concluded their options appraisal for the strategic future of MHA. If after the options appraisal the Board decide that MHA will continue as an independent organisation then we will continue with the procurement review of our maintenance services.</p>
<p>3. To explore the benefits of applying lean thinking methodology to the Association’s work,</p>	<p>During the year, the Board decided that the Association should focus on the option appraisal and this was a key priority. Achieving quick wins in terms of efficiencies was highly important and similar results were achieved that lean thinking methodology would have led to.</p>

### 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 that we have been able to respond to repairs within agreed time scales consistently over 95% of the time and that customer satisfaction with the last repair reported is consistently well over 95%.



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 2-3 years in the future. 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.

*The results of our independent survey in terms of overall customer satisfaction have been 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 and that is dealing with complaints and anti-social behaviour.



The increases were 25% and 20% respectively.

In 2012 the overall satisfaction levels were at 83%. That is an overall increase of 9% over 3 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	MHA comparison
	U	M	L		
How satisfied with overall services	88	86	77	92	Upper
How satisfied with the quality of their home	87	85	79	86	Between Medium and Upper
Listening to views and acting upon them	73	71	68	86	Upper
How satisfied that their serviced charges offered value for money	74	66	60	76	Upper
How satisfied with their neighbourhood	88	84	81	88	Upper
How satisfied that their rent offered value for money	84	82	80	82	Between Medium and Upper
How satisfied with their repairs service	85	78	73	87	Upper



Since July 2014 we now routinely ask 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 from the survey the net promoter score (NPS) came out at 45 in July 2014 and in the latest survey in July 2015 the NPS was 62. 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.

We have continued to carry out internal customer satisfaction of our responsive repairs with 98% being satisfied with the last repair request. This shows a continuing level of improvement in our services.

### 3.2 Supporting our customers through difficult times

The year of review 2015-16 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 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 actually reduce our rent arrears over the last 12 months by almost 0.6% and also despite more properties becoming vacant kept our rent loss through empty properties well within our budgeted target.

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 take on another temporary member of staff to deal with the high volume of customers we have needed to 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.

The support we have been providing our residents has helped many residents stay in their own homes despite the challenges they have faced by the welfare reforms. Manningham Housing has also benefited by ensuring our income collection has not been adversely affected. In fact our rent arrears have actually reduced by 0.6% over the last 12 months. The support we have provided in particular around helping residents with Discretionary Housing Payments has particularly been very successful. In 2015-16 we helped our residents claim over £31,000 of Discretionary Housing Payments.

In addition, to understand the impact of Universal Credit, in particular the payment of the housing aspect of the benefit directly to customers, we commissioned a voluntary pilot to learn lessons to mitigate the impact of this when fully introduced. The pilot has been extremely helpful and we have now extended this to some of our other residents.

Whilst in the short term our income loss may increase we feel that it is better that we roll out direct payments in a controlled way.



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.

### 3.3 Engaging our customers

During 2015-16 the Association had 34 customers who got involved in the Association's various customer involvement opportunities. The Association had 21 members of the Manningham Residents' Panel, 15 members of the Customer Scrutiny Panel, 4 members of the Complaints Learning Forum, 5 Mystery Shoppers and 9 Customer Inspectors. Within that year, the Association recruited a further 11 new customers to its various customer involvement opportunities.

The Association has customer insight and involvement strategy which puts customer's right at the heart of service delivery. By making a commitment to have customers on the Board of Management, establishing a new Customer Scrutiny Panel and a Complaints Learning Forum the Association regularly gets high quality feedback on how well it is delivering its service and what needs to be done to improve these.

Of the thirty four 21 individuals participated in the Manningham Residents' Panel, 15 participated in the Customer Scrutiny Panel, 4 were members of the Complaints Learning Forum, 5 carried out mystery shopping and 9 carried out scheme inspection. These customers have been instrumental in providing the Association with a customer's perspective on how well services are being delivered, which includes scrutinising and improving the Association's services so they are being delivered in line with the Association's Customer Service Promise and good practice.

This engagement has huge benefits for the individuals concerned but also the community that they represent. It has built self-fulfilment and self-esteem as well as help the individuals develop a range of new skills which all contributes significantly towards improving their quality of life.



### 3.4 Developing our staff so they look after the customers and the business

We have worked hard to ensure that we provide our staff with the skills that will enable them to create the business that we desire and support our customers in the way we aspire. In other words, achieving the mission that we set ourselves in the current business strategy of *"striving for excellence in every facet of the business."* In December 2013 we were successful in attaining the Investors in People (IIP) award which we believe is confirmation that we are getting this right. Since then and in the year under review 2015-16 we have continued to follow IIP principles and develop and support our staff.

## 4. ADDING SOCIAL VALUE

### 4.1 Providing new homes

Despite the difficult market conditions we have continued to develop new homes because of our commitment to make a contribution towards meeting the severe housing needs in Bradford. The table below shows that we have backed this commitment up with significant funding and the impact this has on our debt situation.



Providing new homes	2015-16	2014-15	2013-14
<b>New Homes built-additions to management</b>	14 homes	53 homes	11 units
<b>Development Expenditure per audited accounts / 2016 draft accounts.</b>	£3,965,469	£5,879,039	1,655,095
<b>Debt per unit based on average units</b>	£38,711	£36,200	£37,796

We have continued to provide new homes although development has slowed down due to lower grant rates than we had in earlier years. The information in this section illustrates how despite this we have continued to “sweat our assets” in order to develop. On 4 January 2012 we fixed the variable portion £10.959 million of The Royal Bank of Scotland for 10 years at 2.89%, which is a very good rate.



In 2013-14 we secured a £2.6 million loan from THFC at an effective fixed rate of 4.32% for 30 years which again is a good long term rate. Our loan portfolio at the year end was 91% fixed.

This protects us against future interest rises but it does mean we are losing out in the meantime as low variable rates are available but the situation may reverse if interest rates start to rise.



The Royal Bank of Scotland agreed a 10 year loan of £5 million at a margin of 2.65% over libor, which the Board approved in 2014-15. This was drawn down in July 2015.

We have recently fixed the THFC (EIB) loan of £5 million for 0.889% fixed for 3 years with effect from 15 September 2016. This is an excellent rate and will result in savings which will enhance our financial position. Our weighted average cost of capital in 2015-16 was 5.07% which is slightly better than 5.14% in 2014-15.

The HCA have also given us a grant allocation to build 23 units with a grant of £690,000 for the 2013-16 Affordable Homes Guarantee programme.

As the grant rates for development under the affordable housing model are significantly less than previous programmes, like many registered providers, we have to be careful in determining the number of homes we build. We need to ensure we meet lenders financial covenants and we stress test our business plan to ensure we can continue to meet our covenants under different scenarios. Inevitably in response to reductions in rent required by the Government the number of homes built by MHA and other registered providers will slow down for the four years from 1 April 2016.



We have been selected by Bradford Council to acquire 22 section 106 units in Queensbury, Bradford. These provide good value for money and we will be able to acquire these at a discount on the land price of £135k in 2015-16 and £68k in 2016-17. These relate to 14 units in 2015-16 and 8 units in 2016-17.

We have developed energy efficient homes which helps to reduce service bills, creating warmer homes for customers and reduced health problems associated with drafts and uninsulated cold homes.

Through Firebird Homes we have made and will be making gift aid payments to Manningham HA as follows:

Year ended 31-3-16	Year ended 31-3-15	Year ended 31-3-14	Year ended 31-3-13
£ To be determined	£15,500	£8,467	£11,536

This has helped us to generate additional income and has helped us to subsidise our development programme.

## 4.2 Investing in disadvantaged communities

Through our community development strategy the Association is committed to playing a significant role in supporting and 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.

In the independent survey carried out in 2014, 80% of customers said they were satisfied with their neighbourhood as a place to live. In the survey carried out in July 2015 this went up to 87%.

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. The first intervention area has been identified and the Association is working with the local residents from the neighbourhood and a number of agencies to jointly develop a plan of the interventions required which will be delivered over the course of the next 12 months. Our community strategy is clear and specific about the outcomes and expectations.



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, mendhi, and a day trip. This is a very popular summer play scheme that is inclusive of the diverse groups present in the Manningham area. A third of the youth on this scheme live in a Manningham property.

#### *National Citizen Service for 16-18 year olds*

The first of those initiatives involved working with young people aged between 16 and 18 year olds as part of a project run by the National Citizen Service (NCS) which is a government funded scheme. The scheme is designed to help bring together young people during the summer months so that they can meet new people and develop their self-confidence and their range of skills.

The project involved empowering young people to look at developing ideas for the open green space on the scheme. The group of young people worked really well together developing an environmental plan for the area which included planting in the large open space.

The financial year 2014-15 was the last full year that we delivered the women fleeing violence contract. From 1 April 2015 the contract switched to Bradford Women's Aid who as part of the contract have rented the purpose built refuge from Manningham Housing Association.

## **5. HOW ARE OUR ASSETS PERFORMING?**

### 5.1 Our stock

The Association owns and manages 1401 homes. The vast majority comprise general needs housing although we do have a purpose built refuge for women fleeing domestic violence and a modern purpose built sheltered housing scheme. The general needs stock is mainly large family houses.



Approximately 76% per cent of the general needs homes are three bedroom and bigger. The bulk 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.

All of Manningham's stock is in the same local authority area of Bradford, apart from a few units in neighbouring Craven but these are in very close proximity to our stock in Keighley.

## 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 November 2012 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:

- To ensure that our property assets are held to meet the objectives of the business. The Association's business plan must support all asset management objectives and be able to adequately fund them.
- To ensure our properties comply with relevant regulatory requirements such as Gas Safety, managing Fire Risk and Asbestos.
- To ensure our homes meet and exceed the requirements of the Decent Homes Standard and that we continue to maintain the same standard going forward.



- To optimise the balance between our planned work and responsive repairs.
- To deliver value for money and identify efficiency savings where possible.
- To ensure resident involvement and consultation is effective allowing views to be heard and services adapted accordingly.
- To provide high quality affordable homes to people in housing need and those requiring care and support.
- To maximise the use of existing and new stock.
- To maintain a balanced portfolio through new build, acquisitions, sales, remodelling, tenure diversification, demolition and redevelopment.



To support our asset management strategy during 2013 we asked property specialists Nichol Thomas to provide us with an updated stock condition survey. In December 2013 Nichol Thomas gave a detailed presentation of their findings to the Board of Manningham Housing Association. Their view, having carried out the survey, was that Manningham’s stock in general terms was in good condition. The report that we received provided us with a projected year on year spend and these figures have been incorporated into our thirty year business plan.

### 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	2015-16	2014-15	2013-14
<b>Major repairs Expenditure - revenue and capital</b>	£1,219,715	£1,172,655	£1,531,427

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.

- 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, 2015-16, the average end to end time for letting for all our properties was 12 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 2015-16 was 0.37% which is very similar to last year.



Again this figure has improved on last year which was and is also better than the top quartile HouseMark figure for the same period which is 0.56%. We have 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.

- In an independent customer satisfaction survey that was carried out in July 2014 88% of customers were satisfied with the overall quality of their home. This was slightly down to 86% in the Survey carried out in July 2015 but still higher than the results of the English Household surveys which found that 81% of social renters said they were satisfied with their present accommodation.
- The independent satisfaction survey undertaken in 2014 showed that satisfaction with the repairs service was 74.7%. According to the most recent survey of July 2015 the satisfaction levels with repairs is at 87% showing a significant 12% increase.
- 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 some of which are beginning to show signs of condensation and damp with 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.



- Having carried out a financial appraisal on the lease managed properties; the scheme does generate income for Manningham Housing despite the additional maintenance expenditure on these properties. We are in discussions with the landlord on finding ways to alleviate the damp and condensation some of these properties suffer from which will reduce maintenance expenditure in future years.

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 these data mining exercises we have seen a reduction in the average number repair requests being reported from an average 663 to 583 per month and the average cost reduced by almost £5,000 per month.

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 our assets are performing. The main assets that the Association has are the homes that our customers and their families live in. 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.

There are various ways for measuring what we spent on our assets. We measure it by comparing the operating surplus with total assets less current liabilities. This is a method accepted by accountants but also allows us to compare against other housing associations.

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
2015-16	1,401	£3,096,786	£123,882,029	2.45%
2014-15	1,419	£3,299,939	£119,470,754	2.76%

In 2015-16 the return on assets decreased from 2.76% to 2.45%. This was due to the following factors:

- Impact of FRS102 – the 2014/15 have been restated and they impact on the 2015/16 figures.
- The treatment of the capitalisation of development cost as a result of which management costs will vary significantly from year to year depending on the level of development activity. Our development expenditure was low in 2015-16 and this resulted in a higher figure for management cost in 2015-16 than was the case for 2014-15.
- We also made other significant savings in overheads during the year which impact on the ratio. Lower voids and bad debts also contributed to this.

## 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. COSTS FOR RUNNING OUR BUSINESS AND HOW THEY COMPARE

### 6.1 Total cost per property of housing management

For the year of review 2015-16 the annual housing management cost per property for Manningham was £642.08. We have used HouseMark data to compare our performance with a peer group of other providers in England that have up to 1,800 general needs homes. From this comparison, as can be seen from the table below our performance is between medium and upper quartile.

<b>Upper Quartile</b>	<b>556.82</b>
Median	643.20
Lower Quartile	669.45
<b>Manningham Housing Association</b>	<b>642.08</b>

In total there are 13 housing associations of different sizes up to 1800 general need homes that are in the peer group determined by HouseMark. The table below selects all the BME housing associations from the group and compares their individual cost per property for housing management with the cost of Manningham. We have provided this additional comparison because BME housing association are more similar to Manningham in terms of size, nature and stock profile. Although Manningham is quite unique in having a large proportion of our stock made up of large family homes.

There were four other BME Housing Associations in the HouseMark peer group:

- Aksa Housing Association
- Arches Housing Association
- Inquilab Housing Association
- Nehemiah Housing Association

Housing Association	HM CPP for 2015-16
<b>Manningham</b>	642.08
BME 1	671.31
BME 2	632.38
BME 3	644.32
BME 4	697.18

## 6.2 Total cost per property of repairs and maintenance

Using the same HouseMark data the table below shows Manningham's average cost per year for providing a repairs and maintenance service in comparison to the peer group of 13 housing associations. Our performance for 2015-16 is in the upper quartile. It is important to note that not many housing associations have the same number of large properties as Manningham.

<b>Upper Quartile</b>	<b>129.52</b>
Median	161.85
Lower Quartile	199.74
<b>Manningham Housing Association</b>	<b>125.34</b>

The table below compares the cost per property of providing a repairs and maintenance service to BME housing associations that are in the peer group. Our cost per property for providing a repairs and maintenance service is top quartile performance.

Housing Association	Repairs CPP for 2015-16
<b>Manningham</b>	125.34
BME 1	157.72
BME 2	203.96
BME 3	431.08
BME 4	165.99

## 6.3 Housing management and repairs cost per property combined

The tables below combine the two figures for housing management and the management of repairs. The result is that the Manningham's performance against the whole peer group continues to be between medium and upper quartile whilst showing that the combined cost is the lowest when compared against the other BME housing associations.

	HM CPP	Repairs CPP	Combined
Upper Quartile	556.82	129.52	686.34
Median	643.20	161.85	805.05
Lower Quartile	669.45	199.74	869.19
<b>Manningham Housing Association</b>	<b>642.08</b>	<b>125.34</b>	<b>767.42</b>

Housing Association	HM CPP	Repairs CPP	Combined
<b>Manningham</b>	<b>642.08</b>	<b>125.34</b>	<b>767.42</b>
BME 1	671.31	157.72	829.03
BME 2	632.38	203.96	836.34
BME 3	644.32	431.08	1075.40
BME 4	697.18	165.99	863.17

## 6.4 Rent levels

Using the HCA's Regulatory Statistical Return (RSR) information for 2014-15, we were able to satisfy ourselves that Manningham's rent levels compare very 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. Comparative rent levels are not yet available for 2015-16.

No. of Bedrooms	MHA Average Rent	Lowest Average Rent	Housing Association	Highest Average Rent	Housing Association
1	£64.02	£63.85	Yorkshire Housing	£187.67	Habinteg HA
2	£80.43	£75.82	Accent Foundation	£159.32	Habinteg HA
3	£97.11	£85.00	Riverside Group	£113.85	Housing & Care 21
4	£114.13	£95.38	Accent Foundation	£125.86	Stonewater Ltd
5	£117.60	£101.87	Places for People	£117.60	Manningham HA
6+	£128.82	£98.04	Home Group	£128.82	Manningham HA

Source: Statistical Data Return September 2015

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	3	18
Housing & Care 21	0	0	0
Incommunities	12	7	19
<b>Manningham HA</b>	<b>145</b>	<b>32</b>	<b>177</b>
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	28	0	28

Source: Statistical Data Return September 2015

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 the Association charged them represented value for money.

The HouseMark score for 2015-16 for the same measure is 82%.

## 6.5 Trend for management costs

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

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

Due to FRS102 the 2015 figures have been restated.

Management costs in 2016 include SHPS deficit of £178,030 and £ (49,099) in 2015 and this distorts the figures.

The ratio has increased from 23.1% in 2014-15 to 25.0% reflecting the much lower spend on development in 2016. The increase in management costs for 2015-16 was mainly due to the implementation of the FRS102 leading to additional pension cost charge to Income and Expenditure. Also management costs will vary significantly from year to year depending on the level of development activity.

## 7. CHALLENGING COSTS

### 7.1 Developing a VFM Culture

VFM is a clear strategic and operational priority for us. However to ensure that this has the biggest impact and effectively underpins everything we do, we have worked with our colleagues 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 be within their mind-set.

In 2013-14 we conducted an organisation wide learning and development programme for all MHA employees. As part of this programme small groups of employees worked across the organisation on analysing a problem and delivering a project around an issue that was about improving our services to customers whilst achieving VFM. Some of this work has continued into 2015-16.

## 7.2 Areas where costs have been reduced

There have been a number of specific areas where we have challenged and reduced costs during 2015-16:

### *Mobile phone contract*

We have saved £4,000 in the first year of our 24 month contract by renegotiating our mobile phone contract. In addition we are due a cash back of £2,500 as part of our hardware fund due to reducing the number of new phones we have bought.

### *Landline calls contract*

We reviewed our contract for the provision of our landline telephone costs. We achieved savings of £1,635 compared to 2014-15 spend.

### *Website maintenance*

A review of our website and choice based lettings maintenance contract resulted in savings of approximately £6,520 per annum.

## **Changes in processes and continuous improvement**

*Data mining* - 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. In 2015-16 this has resulted in the total number of repair requests processed from 8,363 in 14/15 to 7,365 in 15/16 which is a reduction of 998. This equates to 11.9% less repairs. Our spend in 2015-16 for responsive repairs resulted in approx. 8% under budget which equates £64,000.

## **Lease and management agreements**

In 2014 we entered into two lease/management arrangements with partner organisations:

*Great Places Housing Group*- Agreed management agreement with Great Places Housing Group for 20 properties in Bradford. This provided much needed homes for 20 families in Bradford where there is a chronic need for housing. In addition the management agreement will bring MHA income of approximately £20,000 per annum without the need to increase our own staffing costs to manage this scheme. This lease is still in operation.

*OASIS*- Due to MHA not bidding for the violence against women tender issued by Bradford council we have leased out the refuge building to the organisation who is running this service. This will

provide MHA with an annual income of £47,000 per annum for three years whilst the much needed service will continue. As this is a full repairing obligation lease this will also save MHA approximately £25,000 per annum in responsive repairs costs per annum.

## 8. HOW HAVE WE PERFORMED

The table below provides information from the 2015-16 HouseMark report which compares our performance for the year with a peer group of other providers across a number of key performance indicators.

Indicator	Average no. of days to complete a repair	Average no. of days to relet void	Gas safety	Rent arrears	Void loss
Upper Quartile	5.39	16.95	100.00	2.52	0.41
Medium Quartile	6.03	18.94	100.00	3.76	0.62
Lower Quartile	8.60	27.61	100.00	4.28	0.98
Manningham HA	3.00	12.00	100.00	3.53	0.37

The table shows that Manningham's performance across the key indicators is very strong. With the exception of rent arrears our performance is at or better than 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.

We know that due to our customer profile we have a higher than average number of tenants who are claiming some form of housing benefit and this has a significant impact on our reported performance above. The reason for this is that Housing Benefit is paid four weeks in arrears and whilst this is shown as rent arrears we are actually unable to collect it from the tenants.

The table below shows our rent arrears net of any unpaid Housing benefit. What this means is that any Housing Benefit due to MHA is removed thus giving a more accurate arrears figure that is collectable from tenants. As can be seen our performance is top quartile when we remove housing benefit owed.

KPI	Upper	Median	Lower	MHA 2015-16
Rent arrears of current tenants net of unpaid HB as % rent due	2.05	2.52	3.10	1.34

## 8.1 Our VFM Scorecard

A summary of all the above cost and performance information can be seen in our HouseMark Value for Money scorecard below. The VFM scorecard is designed as a business effectiveness tool and can be used by boards, executive, tenants and other stakeholders to help understand and challenge organisational performance.



Key to KPI symbols	
Performance	Cost
<p> = Your performance result is in the upper quartile of the peer group (top 25%)</p>	<p> = Your costs are lower than three-quarters of your peer group (lowest 25%)</p>
<p> = Your performance result is in the middle upper quartile of the peer group (between 25% &amp; 50%)</p>	<p> = Your costs are less than the average for your peer group</p>
<p> = Your performance result is equal to the median of the peer group</p>	<p> = Your costs are equal to the median of your peer group</p>
<p> = Your performance result is in the middle lower quartile of the peer group (between 50% &amp; 75%)</p>	<p> = Your costs are higher than the average for your peer group</p>
<p> = Your performance result is in the lower quartile of the peer group (between 75% &amp; 100%)</p>	<p> = Your costs are higher than three-quarters of your peer group (highest 25%)</p>
Key to trend symbols	
Performance	Cost
<p> = Your performance trend (the actual change in your year-on-year performance) is upper quartile when compared to the trend for your peer group</p>	<p> = The actual change in your year on year costs shows that your costs are decreasing more quickly (or increasing more slowly) than three quarters of your peer group</p>
<p> = Your performance trend (the actual change in your year-on-year performance) is in the middle upper quartile when compared to the trend for your peer group</p>	<p> = The actual change in your year on year costs shows that your costs are decreasing more quickly (or increasing more slowly) than half of your peer group</p>
<p> = Your performance trend (the actual change in your year-on-year performance) is equal to the median when compared to the trend for your peer group</p>	<p> = The actual change in your year on year costs shows that your costs are increasing (or decreasing) at the median rate for your peer group</p>
<p> = Your performance trend (the actual change in your year-on-year performance) is in the middle lower quartile when compared to the trend for your peer group</p>	<p> = The actual change in your year on year costs shows that your costs are increasing more quickly (or decreasing more slowly) than half of your peer group</p>
<p> = Your performance trend (the actual change in your year-on-year performance) is lower quartile when compared to the trend for your peer group.</p>	<p> = The actual change in your year on year costs shows that your costs are increasing more quickly (or decreasing more slowly) than three quarters of your peer group</p>

## 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.

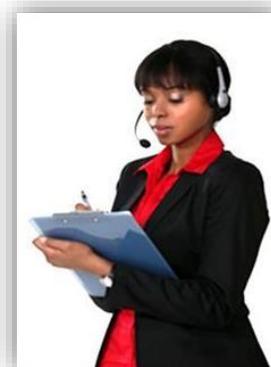
The table below sets out the key actions relating to Value for Money (VFM) and the measures we will use in understanding the extent of progress against our objectives.

Key action	Measure	Target
<b>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.</b>	Reduce cost and improve quality	<ul style="list-style-type: none"> <li>• New arrangements approved by Board by April 2017 depending on option appraisal outcome.</li> <li>• If we pursue this then new repairs contract in place by April 2018.</li> <li>• Customer satisfaction is top quartile as measured against our peers.</li> <li>• Reduction in cost of at least 5% from June 2018.</li> </ul>
<b>Reduce cost of materials for both responsive and major works by agreeing fixed costs with local suppliers.</b>	Reduced cost of purchasing	A minimum of 5% savings on current costs by July 2017.
<b>Project manage major repairs contract in-house rather than employing employers agents</b>	Reduced admin cost of delivering major repairs.	Savings of 2.1% of major repairs contract for year ending 31 March 2017.
<b>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 £1.6 million 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</b>	Replace existing high cost properties with lower cost properties	Estimated savings of £60k per year on average with effect from April 2019.
<b>Consider sharing back office functions with other organisation(s) to reduce cost</b>	Reduce cost to reinvest in provision of new homes	We estimate £150k per year with effect from 1 July 2018.

## 10. CONCLUSIONS

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

- The unit cost of providing core services such as housing management and repairs at £642.08 and £125.34 a year is good. This is evidenced in section 6 using HouseMark data to show that Manningham's costs compare well with the peer group of 13 housing associations of similar size and compares extremely favourably with BME housing associations within the peer group.
- FRS 102 has impacted on the trend for management costs for 2015 and 2016. If we exclude the SHP deficit, the ratio of management, service costs and supported housing costs has decreased from 23.6% in 2014-15 to 22.9% in 2015-16. The 2015-16 figures are based on the draft accounts.
- Despite the low unit cost the Association's performance across a range of other key indicators is extremely strong as can be seen in section 8. In comparison to the HouseMark peer group Manningham is a top quartile performer in four of the five measures and medium quartile in the fifth.
- 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. However in response to the challenge that we face from rent reductions and welfare reforms following the summer 2015 budget the current plans will not be sufficient. As explained in section 9 of the report we are currently reviewing costs and intend to carry on making more savings. But we are determined to ensure that the consequences of the savings do not impact on our current good performance.



## 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 2015-16**

Manningham Housing Association Limited  
Bank House 30 Manor Row  
Bradford BD1 4QE  
Telephone 01274 771144  
[www.manninghamhousing.co.uk](http://www.manninghamhousing.co.uk)