

**Value for money statement 2017**

**Index**

- 1 Overview**
- 2 Our approach to value for money**
- 3 Our track record over the year to 31 March 2017**
- 4 Understanding our costs**
- 5 Social Value Return on Assets**
- 6 Future Plans**
- 7 Heart of Medway**
- 8 Conclusion**

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## **1. Overview**

### **Why a value for money report?**

The Homes and Communities Agency, which regulates housing associations, requires a value for money self-assessment report to be produced annually. However it is also essential that both mhs homes and Heart of Medway can demonstrate that it meets its customers' expectations that they are well run and efficient organisations. The review should be across all areas of the Association's activities, including both operational matters and assets. It should reflect:-

- both the Association's social mission and the interests of stakeholders
- how the standard is being met
- financial and social performance

The report should also enable stakeholders:-

- to understand the return on assets measured against objectives
- to see absolute and comparative costs for specific services, and
- to evidence value for money gains that have been made and how they will be realised over time.

This report will cover the whole of the mhs homes group ("the group") including Heart of Medway (HOM), our registered subsidiary. Where mhs homes limited (mhs homes) is considered separately this will be noted. It will consider:-

- Our approach to value for money
- Our track record in 2016
- How we understand our costs
- Our social value return on assets
- Our environmental return on assets
- Future Value for Money works

Finally the report will conclude how successful we feel the group has been in achieving value for money.

### **Structure of mhs homes group**

The group supplies social housing to the Medway and surrounding areas through mhs homes (an unregistered housing association) and its subsidiary HoM (a registered housing association). During the year most (202 out of 208) new social housing properties have been acquired or developed in HoM, and this has been funded through support from mhs homes. This support has been delivered either by an inter company loan or gift aid payments, which totalled £14 million in 2016/17. This support, when combined with surpluses generated by HoM, helped fund a development programme of almost £20 million, resulting in 202 new social housing and 53 market rented properties brought into management in the year.

mhs homes funded the support for Heart of Medway, along with the £2 million mhs spent on new properties, through surpluses generated from day to day activities and external borrowings. Overall the group spent £21 million on new

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developments primarily funded by the group's surpluses with an increase on external debt of only £3 million.

## **2. Our Approach to Value for Money**

### **What mhs homes group aims to do**

The group goal is to be "The best housing provider in Kent". The objectives of the strategy that delivers this goal are to:-

- Deliver great services
- Provide quality homes
- Help our customers achieve their potential
- Be financially fit and lean
- To have exceptional and diverse talent

### **Our approach to value for money**

The 2015 – 2018 strategic plan includes challenging targets for efficiency, cost control and customer service. As part of the corporate plan process the Board considers detailed budget information and performance information along with customer satisfaction data. As a result of the information available the Board and Executive team are able to better understand and influence the costs and outcomes for each service area. This is used to guide a lean management programme (a process of improving efficiency, both in time and expenditure, whilst improving our service to the customer) that has been on-going for the last 24 months, and is being embedded in the culture so it becomes part of the organisation's DNA. Reports provided to our board describe the projects identified for the year ahead and allow the Board to influence and direct these decisions.

There are established policies and arrangements at mhs homes for ensuring that value for money is being obtained.

- The Strategic Plan sets challenging targets on both cost reduction and operating margins. The Board has a keen interest in seeing Value for Money delivered and reviews an annual report.
- The Board agree and monitor our annual budget, with detailed work taking place in the Finance Risk and Audit Committee. Budgets are monitored monthly through management account meetings with all key variances being reported to the Board and Executive Team. mhs homes group checks annually the on-going viability of the actual and budgeted levels of spend together with any plans for future development into the next 30 years.
- There is an annual programme of investment in the housing stock which is based on a 30 year stock investment plan for replacing building components such as windows, roofs, kitchens, bathrooms etc. mhs homes group policy is that on-going and timely investment in the condition and quality of its housing is fundamental to maintaining the physical asset and the public investment in mhs homes 'social housing'. Our asset management strategy explicitly confirms the aim to be at 100% decent , and this has been achieved.

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- Intrinsically linked to the Asset Management Strategy is our approach to active asset management in which every property has been reviewed for maintenance costs (both past and future), income, ease of relet and management considerations. Where appropriate the property is sold.
  - An annual budget is available for estate improvements. This investment is often identified through local offers based on discussions with our customers. Together these programmes help to maintain the overall look of the housing stock and, we believe, that by investing in estate improvements residents are more likely to be proud of and respect their property and surroundings; we think this will result in more cohesive communities and better neighbourhoods.
  - There is a comprehensive and regularly reviewed Procurement Strategy that sets out the rules on quotes, tenders and approval of new contracts. Where possible supply chains are consolidated to provide greater scope for efficiency and reducing costs.
  - Distribution of detailed service charge accounts to all leaseholders.
  - Value for money is discussed in 1-2-1's and all appraisals with staff.
  - Our annual report to tenants includes performance and cost information.
  - The customer scrutiny panel have commissioned Campbell Tickell to carry out service reviews and based on these reports recommendations will be made to the Board.
  - A set of assumptions agreed by the Board is applied when appraising new development schemes. The financial impact of a new development scheme on the overall business plan is considered by the Board before it commences.
  - We pay staff at the median quartile level based on regular salary benchmarking reviews, the most recent of which took place in 2016/17. We monitor staff turnover and, through the use of exit interviews and staff surveys, review how best we can provide an excellent working environment to enable staff to deliver superb customer service. mhs homes successfully retained its IIP gold status in 2015/16 with the next review due in 2017/18.
  - In order to achieve value for money the Board and Executive team must be focused on having the right people and the right level of human resource to provide the right level of service at the right cost. This involves ensuring staff are properly trained to do their work and providing staff with the right resources to enable them to carry out their roles.
  - mhs homes group has an IT system which provides a cost effective way of providing many essential functions, including KPI reporting, rent accounting, financial accounting, and repairs. These systems allow us to report and monitor our performance.

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### **3. Our track record over the year to 31 March 2017**

**The Group** Strategic Plan for 2015 – 2018 sets a number of targets that include value for money, new units developed and improved customer satisfaction. The original target for the three year plan was to make £300,000 savings. This was reviewed following the July 2015 Budget.

The Board considered the options available to it and concluded that the development programme in the strategic plan should be maintained. Therefore savings of £2.3 million were identified that enabled our development programme to be maintained. The savings were a mixture of those identified in the 2015/16 (£613,000) and those included in the 2016/17 budget. These were outlined in detail in last year's report. As the budget was met all savings identified have been achieved to such an extent that it is likely that we will identify a larger development programme in the 2018 – 2021 strategic plan. These savings were across the whole organisation and included procurement savings, letting properties faster, reductions in overhead costs and channel shifting communications with our customers. The savings were achieved whilst improving our customer service.

In the year ended 31 March 2017 a further £345,000 of efficiency savings have been identified as noted below.

<b>Procurement and Efficiency savings</b>	<b>Savings £'000</b>
Procurement of contracts	175
Renting of office facilities to external parties	30
Efficiencies in void processes	66
Efficiencies in development processes	20
Efficiencies in administration processes	15
Efficiencies in use of stock	39
	345

Overall these savings represented almost 1% of turnover.

#### **Efficiency & Procurement Savings**

These savings are identified through a number of mechanisms :-

- Lean reviews - which are discussed in detail below
- Budget Setting - which involves setting targets for cost reductions
- A challenging and rigorous procurement process
- The strategic plan - which is linked to reducing our total cost per unit and improving our operating margins

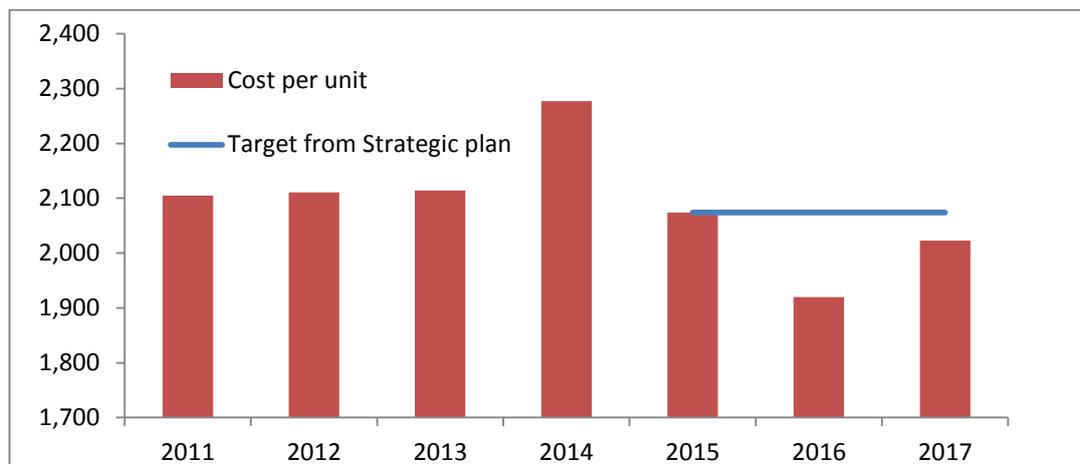
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- Small scale staff suggestions and improvements

These savings are all cash based and reflect bottom line reductions, though the saving may have been utilised to fund another project or service. As well as maintaining our development programme these savings have been used in a number of ways including:-

- Reinvestment back into our customers' services, for example 2016/17 has seen the investment in an on line repair system, planned to go live in 2017.
- Continuing our investments in new technology that allows our staff to be mobile and spend more time with our customers.
- Resourcing the customer investment strategy (explained in further detail on page 13 in the paper) where the Board has committed £200,000 between 2016 and 2018.

### **Budget Setting**

A key target used to monitor our efficiency is the cost (excluding major repairs and depreciation) per unit, which shows a steady year on year decrease, until the current year where an increase due primarily from an increase in the cyclical budget occurred. However, costs were still substantially below our target. This target is set in our budget process and as part of the strategic target.



This is a result of the on-going culture of savings along with managing the increasing number of properties owned without increasing headcount.

### **Lean Reviews**

In late 2012 mhs homes embarked on a Lean implementation programme with sponsorship from the Group Board. The organisation introduced Lean for Leaders training, lean induction training and information centres. Each phase of lean activity commences with a brief diagnostic review canvassing the views of the Executive Team and managers, combined with performance analysis. A prioritised approach was established and agreed.

Three categories of savings/additional income were defined:

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**Identified:** Theoretical savings identified as part of the data analysis, current state mapping and re-design workshop

**Realised:** Process changes made and the expected time, material savings or increased income have been realised.

**Cashed:** When the actual structural changes, reduced expenditure or increased income hits the accounts

**Voids:** The Voids review contributed to savings of £196,160 between 2014/15 and 2015/16 during which time we saw average 'key to key' periods classed as standard re-lets and for those including major works decrease year on year to a low of 10 and 14 days. Whilst an increase in these key to key periods has been seen in 2016/17 to 17 days for standard re-lets and 21 days for those with major works, these still represent strong performance compared to our benchmarking peer group. In our peer group the median for standard re-lets was 19 days and 45 days for those with major works. Teams continue to work closely to ensure advance notice and planning for anticipated properties becoming vacant (void). The more cost effective decoration package for customers introduced in 2015/16 is still being used effectively by customers. The introduction of a new customer satisfaction survey for re-lets in 2017/18 will provide additional insight to help us continue to shape service delivery.

**Repairs:** The initial review drove savings from workflow re-design activities. Work to provide customers with correct and timely information has resulted in customers not needing to telephone our Customer Service Centre for clarification. In 2013/14 over 100,000 calls to the customer service centre were received. By 2016/17 these had reduced to 75,900. We have maintained the streamlined workflow enabling repair jobs to be booked at first point of contact and removed a customer signature step from the end of a repair process. Over the last year we have seen an extension in the average time to complete a responsive repair. A lean review has commenced with the ambition of reducing this through 2017/18. Continuous improvement in this area has the potential to yield further savings in the future.

**Invoicing:** This review contributed to the realisation of £7,990 efficiency savings. These savings, whilst realised were not cashed as the time was re-invested into team activities. Prior to the review the percentage of invoices paid within contract terms was below 70%. During 2016-17 90.65% of invoices were paid within contract terms. The lean review assisted with the introduction of a series of changes to a largely manual process with improved visibility along with clearer automated management reporting. Subsequently we have introduced an electronic invoice approval process which has helped provide continuous improvement in this area. A post implementation review is due to be completed in 2017/18 to help identify further potential areas for continuous improvement.

There were three key elements – reduction in supplier queries to the Purchase Ledger Team (i.e. chasing payments), reduction in internal queries from Purchase Ledger Team to Departments, and finally reduction in duplicate

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invoices requested by the Purchase Ledger Team to suppliers. Collectively this represented an organisational time saving of 515 hours

**Recruitment:** Savings of £120,111 were cashed during 2014/15 (including initial agency fee reductions). In addition to the continued reduction in agency staff in 2015/16 (£84,000 reported separately), there were further savings of £2,285 relating to staff time saved through better synchronisation between recruitment administration activities. The removal of time spent duplicating candidate information and Equality & Diversity information across different stand alone spreadsheets and forms was achieved through hyperlinked data and further refined in 2016/17 with the introduction of the Job Train online recruitment portal.

**Investment:** The procedure for approval of property disposals was developed within this lean review. Whilst not counted as part of the lean savings, this delivered additional income for mhs homes through the removal of these uneconomic assets. This included £1,161,000 income during 2016/17.

**Development:** We continue to see a reduction in defect repairs per new build compared to the rate of 2.1 prior to the lean review. During 2016/17 there were 732 defect repairs logged (excluding abandoned jobs) with 420 properties in defect period within the year.

**Sheltered:** A mini review to develop standardised documentation to facilitate a more agile team of Sheltered Support Officers. The aim was to enable the team to become less reliant on having to return to the main office to type up and print documentation supporting the care of residents through the provision of documentation they could use on mobile devices with direct input. As a result of this, savings were originally made through the combination of two types of customer assessments into a single visit, saving administration, appointment and journey times along with fuel costs (£1,357). These reductions have been sustained in 2016/17. Further changes to the sheltered services in 2016/17 saw three types of supported living introduced – low intensity supported accommodation for 35-64 years; senior independent living for 65+ and a support outreach service for mhs homes general needs tenants living independently.

**Income:** We have continued to see increased Direct Debit transactions and reductions in All pay transactions. Direct debit provides more predictable payment patterns with reduced cost per transaction (average cost £0.15 each) compared to less predictable All pay transactions (average cost £0.51 each). Compared to the previous year, there were an additional 9,335 successful direct debit transactions and 8,853 fewer All pay transactions. Transaction costs were +£1,400 for DDs and -£4,515 for All pay, providing an overall saving of £3,115 in 2016/17. Compared to the previous year, £1.9m more was received by DD, whilst £1.3m less was reduced by All pay.

## **2017/18**

Further lean reviews are planned for 2017/18 supporting repairs, welfare reform, complaints, training matrix and a post implementation review for invoicing.

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#### 4. Understanding Our Costs

In this section the costs of mhs homes group will be looked at in a number of ways to confirm value for money. Firstly the return on each asset group will be considered, then evidence of how efficiency has improved and finally compared to the sector to demonstrate that costs are lower than average.

##### Financial return on assets

Financial return on assets are summarised below:

	<b>Net Cost of Asset*</b> <b>£'m</b>	<b>Income £'000</b>	<b>Surplus £'000</b>	<b>2016/17 Return on investment</b> <b>%</b>	<b>2015/16 Return on investment</b> <b>%</b>
<i>General Needs</i>	119	41.2	20.1	17%	17%
<i>Shared Ownership</i>	2.7	0.1	0.1	3%	3%
<i>Market Rented**</i>	22.2	1.9	1.3	4%	4%
<i>Heart of Medway</i>					
<i>General Needs</i>	56.1	2.9	1.3	2%	2%
<i>Shared Ownership</i>	17.4	0.7	0.5	1%	3%
<i>Market Rented**</i>	3	0.4	0.2	8%	n/a

\* Being based on Historical cost (before deemed cost adjustment) net of depreciation and Social Housing Grant

\*\* After adjusting for depreciation to ensure comparability with other income streams

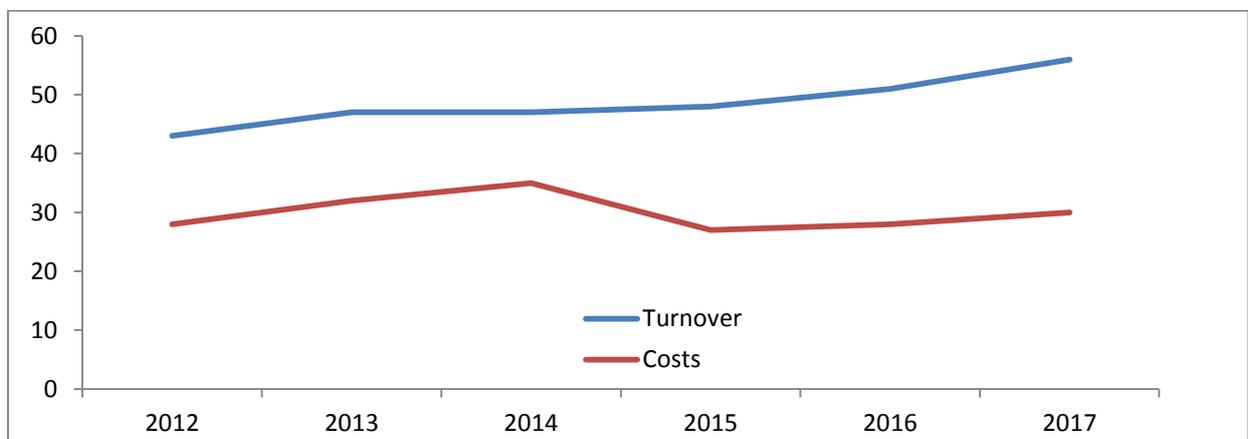
The high return on general needs stock reflects the purchase of the stock 25 years ago. The increasing efficiency in **mhs homes** reflects both the increase in rental values in the area (for market rent) and efficiency of the organisation. The figures in Heart of Medway are extremely volatile to due the small number of properties combined with large numbers coming into management through the year.

##### Improving Efficiency

Evidence of how seriously value for money is taken is the ratio of earnings before interest tax and deprecation (adjusted for major repairs) (EBITDA) compared to turnover margin of the group over its recent past as it demonstrates a trend of improving efficiency. If sale of 1<sup>st</sup> tranche shared ownership is stripped out, the improving efficiency of the organisation is clear to see. These sales make a lower margin than the "core" business; hence the increasing level of turnover in this area masks the increasing efficiency of the organisation.

	2012	2013	2014	2015	2016	2017
	Under old GAAAP			Under New GAAP		
EBITDA – MRI \Turnover	38%	38%	27%	44%	47%	46%
EBITDA – MRI \Turnover excluding shared ownership	38%	39%	27%	47%	48%	50%
Operating Surplus £'m	14.9	15.4	12.4	20.6	23.5	25.3

The increasing efficiency can also be seen through the graph comparing operating and surplus below.



Our void loss key indicators continue to show year on year improvements, whilst despite the changes in welfare benefits and the difficult economic climate the level of bad debt stays steady.

	2011	2012	2013	2014	2015	2016
Void Loss – General Housing	1.1%	1.0%	0.9%	0.8%	0.4%	0.4%
Void Loss – Sheltered Housing	10.7%	6.6%	4.3%	2.3%	1.9%	0.5%
Bad Debt – overall	1.1%	0.7%	1.0%	1.1%	0.8%	0.9%

This increased efficiency has allowed us to invest more in new developments, as shown below with both a record amount of investment in 2016 and a delivery pipeline forecast in 2017/18 of 374 properties.

	2012	2013	2014	2015	2016	2017
Units Developed	131	148	70	126	157	255
Expenditure on new properties	£13.7m	£11.9m	£11.7m	£24.6m	£31.3m	£21.5m

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## Comparing with others

We use two methods of comparing mhs homes group performance with others. Firstly Housemark and secondly use of the sector's global accounts summary as produced by the Homes and Community Agency.

### Housemark

**The Group** regularly benchmarks its operating costs against other social housing providers. For 2015/16 (the last year that the results are available) the benchmark was against housing associations of size greater than 5,000 units, a sample group of 113 organisations. Some of the key comparisons are noted below. Though some results are excellent, there are areas where **The Group** is below average. These are looked at in detail in the year and it is encouraging that all have shown an improvement in the subsequent year.

<b>Indicator</b>	<b>Results</b>	<b>Quartile</b>	<b>Median</b>	<b>Comments</b>
Operating Margin	46%	Q1	30.7%	The margin in the group improved by 2.7% , a contrast to the peer group where margins, on average decreased by 0.7%
Interest cover (EBITDA *- (mri))	236%	Q2	204%	This result improved in 2016/17 to 248%
Gross Current tenant arrears as a % of rent due across all properties	3.22%	Q3	2.97%	Though our results are quarter 3 they have shown an improvement year on year with current tenant arrears standing at 2.81% as at March 17.
Rent loss due to voids as a % of rent due	0.26%	Q1	0.84%	Pleasingly this result isn't just top quartile but the best result of this peer group.
Total staff turnover	14%	Q1	18%	The financial year 2015/16 showed a significant improvement from the previous year
Satisfaction with Service provided	83%	Q3	88%	Though our results are Q3 they have shown an improvement year on year with customer satisfaction at 83% at March 2017

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\* EBITDA – mri being Earnings before interest and depreciation but adding back capitalised major repairs

## Global Accounts

The Home and Community Agency publishes a review of global accounts for 2015/16 that gives an indication of where **mhs homes** stands in relation to the sector as a whole. The results are compared to the current year and 2015/16 costs for the **Group**.

	<b>Sector Average 15/16</b>	<b>Group 16/17</b>	<b>Group 15/16</b>
Management per unit £	1,080	660	677
Maintenance Cost per unit £	1,900	1,830	1,677
EBITDA MRI margin	28%	46%	46%
EBITDA MRI interest cover	170%	248%	236%

The overall results show an organisation comfortably better than the average and improving on management costs. Maintenance costs have increased as the cyclical repairs programme was extended in 2016/17 to additional properties, though the costs are still below average. The amount invested has resulted in the excellent quality of the stock as evidenced by the 100% compliance with Decent Homes Standard and improving SAP rating.

The HCA now publish a unit cost for the sector. When we measure our unit cost for 2016/17 against the published 2015/16 results it further emphasises the financial efficiency of **the Group**. The cost per unit of £2,777 is significantly lower than the sector average of £3,970.

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## **Social value return on assets**

The Community Investment Strategy looks to support our customers through the welfare reforms and to prepare them for the migration onto Universal Credit. The three principal objectives of the strategy are to:

- Support customers into employment
- Facilitate customers to get online
- Support customers to be better able to manage their household budgets

Underpinning the strategy is a commitment to work in partnership with local organisations, ensuring our customers can access the support they need, when and where they need it.

## **Financial Inclusion**

Over the course of the year we:

- Supported 121 customers
- Recovered £52,847 of rent arrears (with 34 customers paying off 100% of their arrears).
- Helped 70 customers restructure £221,604 of other debts

## **Employment**

In total we supported 92 customers to move closer to work:

- 45 customers with employment support
- 35 work experience opportunities
- six full time jobs
- six apprenticeships

We have developed a good partnership with the RBLI who supported 14 of our customers with employment support through their Work Routes Programme and National Careers Service.

We have managed to leverage significant social value from our tendering process. This year we have secured the 6 apprentice positions with our suppliers.

## **Digital Inclusion**

We have supported 50 customers to get online this year, principally through two projects:

**Strood Community Project** have run a number of 1:1 and group ICT sessions for mhs customer on the Hoo Peninsular and Strood. They supported 35 customers to get online showing them how to access My Account on the mhs website and signing those looking for work to Universal Job Match and other employment portals.

**MooreSkills** have continued to manage the 'loan a laptop' scheme on our behalf and have worked with seven of our customers helping them to get online by lending them one of our stock laptops with free Wi-Fi connection.

This project is very successful and in great demand, however with no funding available we are considering other options to continue this project and increase the resources available.

### **Day For Medway**

In total mhs homes staff volunteered 229 days to support 41 good causes across Medway. This represents 100% participation from eligible staff.

### **Social Return on Investment**

The Community Investment strategy looks to realise a 3:1 social return on investment. Using the HACT SROI calculator against a total expenditure of £100,000 we realised over £440,000 of social value, 4.4:1 return.

<b>Activity</b>	<b>HACT Measure</b>	<b>2016-17 Outputs</b>	<b>SROI Value</b>
Full-time employment	£10,767	6	£64,602
Apprenticeships	£2,353	6	£14,118
Employment training	£807	80	£64,560
Debt-free	£1,593	43	£68,499
Access to internet	£1,875	50	£93,750
Social value in procurement			<b>£134,893</b>
<b>Total</b>			<b>£440,422</b>

In addition mhs homes own and manage two Foyers which provide supported housing to 33 young people aged under 25. Many of the Foyer residents come from complex backgrounds, often unable to stay within the family home and unable to apply for mainstream housing.

Our Foyers enable and empower the young residents to live independently and with the support of our foyer staff to reconnect with learning, increase their employability, improve their health and wellbeing and develop their potential.

### **Environmental return on assets**

A key element of our strategic plan is improved sustainability through a higher SAP rating for our housing stock and a comprehensive fuel poverty plan to assist our resident's access to affordable warmth. Currently the average SAP rating is 69 and our asset management spending plans are based on achieving an average of 70 by March 2018. To help achieve this goal during the year, 264 new energy efficient boilers were added.

## **5. Future Plans**

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The strategic plan for 2015 – 2018 sets the target of £900,000 savings over the life of the plan, which will ensure that we meet an operating margin (as defined under improving efficiency) of 60%. This will allow us to meet the challenging development goal of a minimum of 600 new properties by 2018, along with preparing mhs homes for welfare reform and the inevitable increase in interest rates. Our lean management reviews will play a vital role in identifying these savings.

This paper demonstrates that much progress has been made however we will work harder to embed value for money in to the culture of mhs homes, through challenging budgets, on-going lean reviews and revised procurement procedures.

## **6. Heart of Medway**

When HoM is considered on its own then the cost of both financing and managing properties is substantially less than if it had been a stand alone organisation, and therefore it benefits from its relationship with mhs homes group.

## **7. Conclusion**

A review against the specific expectation of the Value for Money Standard is contained in Appendix 1 and demonstrates how mhs homes group believes it complies with it.

Value for money is never complete, but always a work in progress. It is clear that good progress has been made in the year but more is to be achieved, especially in areas such as overhead costs and rent arrears. However there is robust evidence that a culture of value for money is present, with targets, monitoring and business planning all incorporating these values.

The efficiencies across the group have allowed both more to be invested in new properties, with a record number of new properties coming into management in 2016/17.

All staff are eligible for a performance bonus, the amount of which depends on meeting a number of targets as set by the Board. No performance bonus will be paid unless the 2016/17 budget is met. There can be no clearer statement of the importance that the Board places on financial discipline than this.

## Appendix 1

The specific expectation of the VFM standard	Summary of how mhs homes believes it demonstrates compliance for 2016/17
<p>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.</p>	<ul style="list-style-type: none"> <li>• Reports to the Board on the long term financial business model including stress tests.</li> <li>• The annual budget process includes cost reduction targets for all managers.</li> <li>• The 2015 – 2018 strategic plan agreed by the Board included               <ul style="list-style-type: none"> <li>○ targets on increasing efficiency and cost savings</li> <li>○ targets on active asset management and this approach is embedded with the Asset Management Strategy</li> </ul> </li> <li>• A Design and Building Company was agreed was set up to bring greater financial efficiency to our development programme</li> <li>• A review of our pension arrangements was presented to the Board</li> <li>• There was a review of our Older Persons Housing Strategy</li> </ul>
<p>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 VFM including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives.</p>	<ul style="list-style-type: none"> <li>• Our stock condition information is based on a 100% external stock condition survey from 2013. This data is updated on an on-going basis by our own surveyors.</li> <li>• The active asset management process included a full review of all properties and identified 118 properties at "red" warranting further examination. Of these:-               <ul style="list-style-type: none"> <li>○ Disposal of 2 properties in 2014/15</li> <li>○ Disposal of 8 properties in 2015/16</li> <li>○ Disposal of 6 properties in 2016/17</li> <li>○ The other properties are in areas of regeneration and will be redeveloped other the next few years</li> </ul> </li> <li>• The "Amber" properties (2547) will be reviewed in the immediate future.</li> <li>• This document considers the overall return on its assets along with social and environmental issues.</li> <li>• The information on which properties are charged to lenders and the amount of available security is regularly reviewed at Board level.</li> <li>• The approval process on new development schemes is linked to the amount of subsidy involved, along with costs, to ensure Board approval is required if it determined that non financial considerations offset a lower return on investment.</li> </ul>

<p>Have performance management and scrutiny functions which are effective at driving and delivering improved VFM performance.</p>	<ul style="list-style-type: none"> <li>• The performance bond payment to employees can only be made if the budget is met or exceeded.</li> <li>• The calculation of the performance bond payment to employees is linked to efficiency savings (such as savings identified, increased attendance levels, reduced relet times amongst other along with other targets such as customer satisfaction and repairs KPI's).</li> <li>• The lean management process is reported to and approved by the Board. This process can be shown to have successfully reduced void costs, relet times and repair costs.</li> <li>• The budget, and variances from this, is considered in detail at both Finance Risk and Audit Committee and the Board. This process can be shown to have reduced costs through an improving cost per unit and operating margins.</li> <li>• Key Performance Reports are considered in detail by the Board.</li> <li>• Benchmarking is considered through both the Global Accounts published by the HCA and the Housemark report, using the peer group selected by Housemark to avoid mhs choosing favourable comparators.</li> </ul>
<p>Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so</p>	<ul style="list-style-type: none"> <li>• This report shows clear direction of travel in most areas where specific areas are considered. Where there are areas of concern, such as rent arrears, these are being addressed.</li> <li>• The lean process allows the organisation to make in-depth, detailed reviews that allow us to understand how costs are built up and how efficiencies can be achieved.</li> </ul>
<p>Annually publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving VFM in delivering their purpose and objectives.</p>	<ul style="list-style-type: none"> <li>• This statement will be published on the website</li> </ul>

## Appendix 2: Comparators for Housemark benchmarking

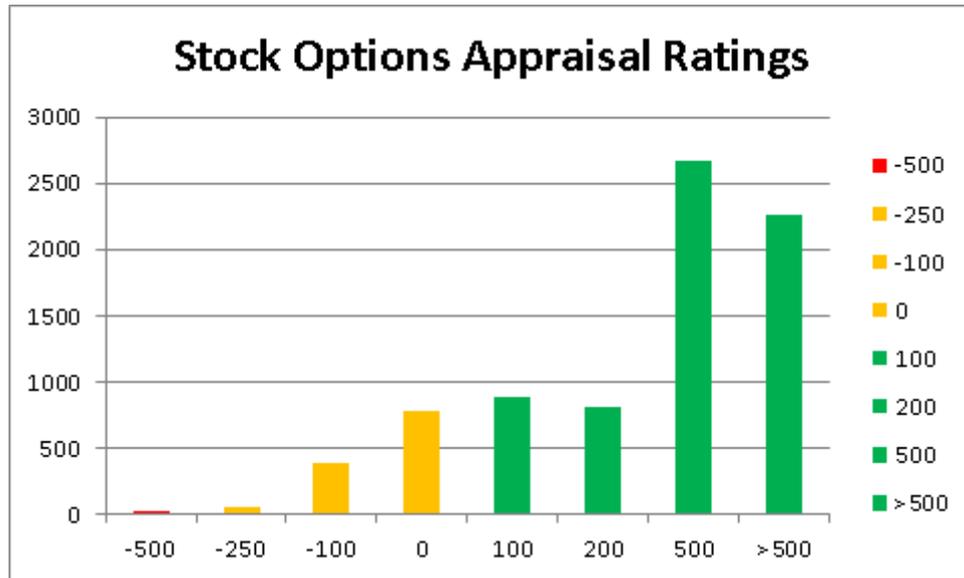
Landlord name		
MHS Homes (2015/2016)	First Wessex	Vale of Aylesbury Housing Trust
A2Dominion Group	Flagship Housing Group	Wakefield and District Housing
Accord Group	Fortis Living	Walsall Housing Group
Acis Group	Freebridge Community Housing	Wandle Housing Association
Aldwyck Housing Group	Futures Homescape	Weaver Vale Housing Trust
Alliance Homes	Golden Gates Housing Trust	West Kent Housing Association
AmicusHorizon	Golding Homes	Westward Housing Group
Aragon Housing Assoc.	Great Places Housing Group	Wrekin Housing Trust
Aspire Housing	Greenfields Community Housing	Wulvern Housing
Aster Group	GreenSquare Group	Wyre Forest Community Housing
Bernicia Homes	Halton Housing Trust	Wythenshawe Community Housing Grp
Bolton At Home	Hanover Housing Association	Yarlington Housing Group
BPHA	Havebury Housing Partnership	Yorkshire Housing
Bracknell Forest Homes	Herefordshire Housing	Trent and Dove Housing
Broadacres Housing Assoc.	Home Group The Association	Twin Valley Homes
Catalyst Housing	Incommunities	First Ark
Chevin Housing Association	Irwell Valley Housing Assoc	First Choice Homes Oldham
CHP	Isos Housing	Orbit Group
City West Housing Trust	Liverpool Housing Trust	Paradigm Housing Group
Coast and Country Housing	Liverpool Mutual Homes	Paragon Community Housing
Cobalt Housing	livin	Peabody Group
Community Gateway Assocn	Longhurst and Havelok Homes	Peaks and Plains Housing Trust
Contour Homes	Magenta Living	Pennine Housing 2000
Cross Keys Homes	Magna Housing Association	Phoenix Community Housing
Curo Group	Merlin Housing Society	Plymouth Community Homes
DCH Group	Network Housing Group	Poplar HARCA
Derwentside Homes	New Charter Homes	Radian
Durham City Homes	North Hertfordshire Homes Ltd	Raven Housing Trust
East Durham Homes	Notting Hill Housing Group	Red Kite Community Housing
East Thames Group	Nottingham Community Housing	Regenda Group (The)
Eastlands Homes	One Vision Housing	Richmond Housing Partnership
Family Mosaic	Ongo	Riverside Group
Rooftop Housing Group	Saffron Housing Trust	Rochdale Boroughwide Housing
Salix Homes	Saxon Weald	Selwood Housing
Sentinel Housing	Sevenside Housing	Shoreline Housing Partnership
Soha Housing	Southern Housing Group	Southway Housing Trust
Spectrum Housing Group	Stafford and Rural Homes	Swan Housing Association
Thirteen Group	Town and Country Housing	

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**Appendix 3**

**No of Properties reviewed for category of active asset management**

Number of properties



All properties in the mhs homes group stock were reviewed and based on 30 year maintenance costs, future income and development potential a score calculated. Properties below 500 were noted a "Red" and reviewed immediately. Based on the review 12 properties have been allocated for disposal and the balance earmarked for redevelopment. There is an on-going process of reviewing the "Ambers" (scores between -500 and 0)