VALUE FOR MONEY 2015/16

Great homes. Great communities. Great people.



CONTENTS

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OVERVIEW

This self assessment document has been written in a way which tells the Great Places story of 2014/15. It assesses:

a) Our strategic approach to value for money, including what we are doing to further embed it and how we achieve our business objectives through continuous improvement;

b) Some vfm successes and challenges from 2014/15 and our priorities for 2015/16, in order to evidence the vfm gains that have been made and how these have and will be realised over time;

c) How we are performing and how we compare, setting out the absolute and comparative costs of delivering specific services;

d) An explanation of our approach to how we manage our assets and how we understand our stock and how it works best for us in terms of achieving our priorities and objectives;

e) A final conclusion which highlights the targets we have set moving forward and how our performance management arrangements will focus the organisation on delivering improved value for money.

If you have any queries about anything contained in this document please contact performancematters@greatplaces.org.uk

greatplaces HOUSING GROUP

PLUMLIFE the affordable homes specialist

cube.

POSITIVE ABOUT DISABLED PEOPLE

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GREAT PLACE TO WORK®

EXECUTIVE SUMMARY

Following a challenging 2013/14, 2014/15 was a much better and more productive year for Great Places. We stayed focused on delivering core objectives, on achieving VFM gains and on becoming a more efficient and effective business. This is borne out by improved performance and from whatever perspective you take, 2014/15 was very successful, including:

1. **Record surplus and profitability;**
2. **Best ever arrears performance;**
3. **Record number of new homes built.**
4. **Procurement efficiencies of almost £2m**
5. **Overheads as a percentage of turnover reduced to 10%;**
6. **Operating margin increased to over 34%;**
7. **Significant increase in customer satisfaction:**

At Great Places, VFM is incorporated into all decision-making & we appreciate that we can't fully deliver our vision and values without delivering VFM. It's about what we value and it's about what we spend. We seek low costs, high performance and high levels of customer satisfaction. The table to below shows some important measures and trends.

		2014/15	2013/14	2012/13	2011/12	2010/11
CHANGE SINCE LAST YEAR	**FINANCIAL VFM INDICATORS**					
Operating costs have reduced by 8%	Operating cost (excluding cost of sales) per home	£2,993	£3,268	£3,129	£3,371	£3,461
Management costs have reduced by 7%	Management cost per home	£822	£881	£820	£810	£881
Maintenance costs have reduced slightly	Planned and routine maintenance cost per home	£597	£598	£607	£651	£610
Void Loss per home has reduced by over 17%	Rent void loss per home	£66	£80	£74	£75	£58
	HOUSING MANAGEMENT VFM INDICATORS					
Arrears levels improved to a record low of 3.4%	Current rent arrears	3.4%	3.6%	3.5%	4.1%	4.4%
Relet times have improved by an average 6 days	Relet times – general needs properties	28	34	25	27	23
Satisfaction levels have increased, largely reversing the deterioration experienced in 2013/14	Resident satisfaction – overall	86.4%	83.5%	88.2%	86.9%	81.6%
	Resident satisfaction – repairs	89.2%	82.9%	92.2%	92.1%	74.2%

A STRATEGIC APPROACH TO VALUE FOR MONEY

"Great Places understands Value for Money to mean optimising value from our spend and assets; It's about Value and it's about Money."

Definition from the Great Places VFM Strategy.

During 2014/15 Great Places undertook a fundamental review of the strategic direction of the organisation. We re-evaluated what our core objectives are, and how we maintain an emphasis on delivering against them, on becoming a more economic, efficient and effective business, on ensuring openness and transparency, and on reacting swiftly and appropriately to the key challenges being faced both internally and externally.

Led by the Board, but involving over 300 members of staff, nearly 600 customers and 60 stakeholders, we agreed and introduced a completely new vision, refreshed our core values and produced a new 3-year Corporate Plan with 6 revised corporate priorities. Together these provide a clear route map for a successful future, with a focus on what matters most and an emphasis on being a 'profit for purpose' organisation.

Great Places' Vision

- Great Homes: Maximising our investment in sustainable homes
- Great Communities: Building successful, vibrant communities
- Great People: Providing outstanding customer service and support

Great Places' Values

- We are fair, open and accountable
- We know, respect and care about our customers
- We appreciate the effort of everyone who works here
- We promote partnerships, efficiency and value for money
- We positively embrace creativity, change and innovation

Corporate priorities

Improving VFM courses through our vision and values and our six corporate priorities:

- Customers and Communities;
- Growth;
- Assets;
- People;
- Financial Viability;
- Good Governance.

Seeking to make the best use of the Group's resources is not new for Great Places and the steady improvement in financial performance and quality of service delivery over recent years is prime evidence of success in this regard. Improving VFM is viewed as a sign of good governance in action, as a means of achieving corporate objectives and as a key determinant of business effectiveness.

Over the past year, the Group has adopted a more strategic and structured approach to ensuring that VFM is embedded throughout the organisation, including:

- Our revised vision, values and objectives provide an increased emphasis on business effectiveness and value for money. This has helped to clearly define VFM in the context of the Group's purpose and priorities and to communicate this strategic approach in a wide range of ways, including roadshows, articles in the staff newsletter, announcements on the intranet and specific blogs from the Chief Executive and Directors.
- We have widened the role of our strategic Great Value group to consider broader VFM issues beyond its original remit of procurement activity. This re-launched group is chaired by the Director of Finance, has senior representation from all parts of the business and has 2 overarching objectives:

  a) to provide overall assurance around all aspects of the delivery of efficiency and improving business performance, and

  b) to drive the efficiency agenda across all parts of the organisation

- Great value has a role to scrutinise 'guest', managers from across the business, to ensure that VFM is being fully considered across key initiatives. Examples so far include challenge around the use of multi-functional devices, around our approach to social investment and recruitment of temporary staff.
- The introduction of a small number of critical success factors, determined by Board members, linked to corporate priorities and including minimum and aspirational stretch targets, has helped to ensure our performance management framework is directed on what matters most and on providing focus and assurance. Regular monthly reporting against these critical success factors, and other measures of strategic achievement, has helped to increase the understanding of costs and outcomes including financial indicators, performance against target and trend analysis;
- Increasingly we are focused on understanding the return on our assets as measured in terms of financial performance, customer satisfaction and environmental impact. Our maintenance costs are virtually unchanged eventhough we have implemented a strengthened and more evidence-based investment programme and additional staffing resources for the investment and compliance teams.
- We have reviewed the structure and resourcing of a number of key corporate functions including health and safety, governance and procurement, to ensure these services are delivered in the most effective and efficient manner. We report on procurement activity more regularly;

- A key element in our Executive annual plan is to further embed VFM in everything we do, and incorporate business efficiency into all of our processes. We do this through a steady stream of communication, by reporting regularly to Board, including a consideration of VFM in our report template so that all papers to any of the Executive Team, Committees and Board have an assessment of cost, quality and meeting customer need.
- Ensuring that factors generating social value are maximized and measured including apprenticeships, financial inclusion and debt advice. We have restructured our Social Investment team to generate as much impact and outcomes as possible.
- Increasingly this year we developed and enhanced the role and influence of Insight, our tenant scrutiny group. They have undertaken two in-depth reviews into Complaints and Community Safety (Anti-Social Behaviour) from a challenging independent, customer-focused perspective. In both instances, they presented their findings directly to the Board and their recommendations are being monitored by our internal auditors and overseen by the Audit and Assurance Committee.

We strive to make better use of our resources by comparisons over time and with peer organisations. Specialists from HouseMark have discussed our core benchmarking results in-depth with us during the year, and provided a presentation to the executive team to tease out areas for improvement. We have taken a broad approach to sharing these results with different teams, including roadshows, attendance at team meetings and on the intranet, emphasizing that this is important information to act as a "can opener" to prioritise areas of focus for the latter part of 2014/15 and beyond. This has been a very successful undertaking, consistent with our message that 'improving VFM is everybody's responsibility.'

In addition to HouseMark, we are members of a number of groups and networks, both local and national which we use to compare performance and improve value for money. Examples include:

- TIPTOP, a local benchmarking and improvement network, at which ourselves and another half a dozen 'good fit' organisations meet to compare performance every quarter over a range of key indicators. The figures are just the start of the process; we discuss what we can get from them, we dig beneath them and we seek to learn from each other by sharing good practice. Recent themes have included complaints, voids and relets, repairs and arrears.
- BOB, a 'back office' benchmarking club run by Baker Tilly. Over 60 RPs nationally participate in the BOB programme which compares costs of back office functions such as HR, ICT and Finance. Initially 3rd quartile, Great Places has worked hard to control back office costs and is now firmly established as a consistent top quartile performer.
- We are key contributors to networks around themes such as social investment, estate services, customer excellence, contact centres, procurement, customer involvement, equality and diversity and welfare reform, as well as recognizing the importance of local strategic partnerships and being central to the GM Providers Chief Executive Officer's Group and sub-groups around health, complex needs, work and skills, performance management, and shared services. These are all designed to help compare how things are done and to seek improved efficiencies and better value for money.

We continue to raise the profile of the importance of improving, and embedding, value for money and this is particularly vital post-Budget 2015. We are convinced that making an effort, both in terms of time and resource, to embed VFM across all parts of the business is yielding improvements, and that a steady 'drip-drip' approach to communication, while keeping the message simple, relevant and accessible, is working. VFM remains a specific session at corporate induction highlighting to new starters the importance that Great Places puts on improvement in this area, and emphasising that we all make vfm decisions in our everyday personal lives, and should be doing so at work too.

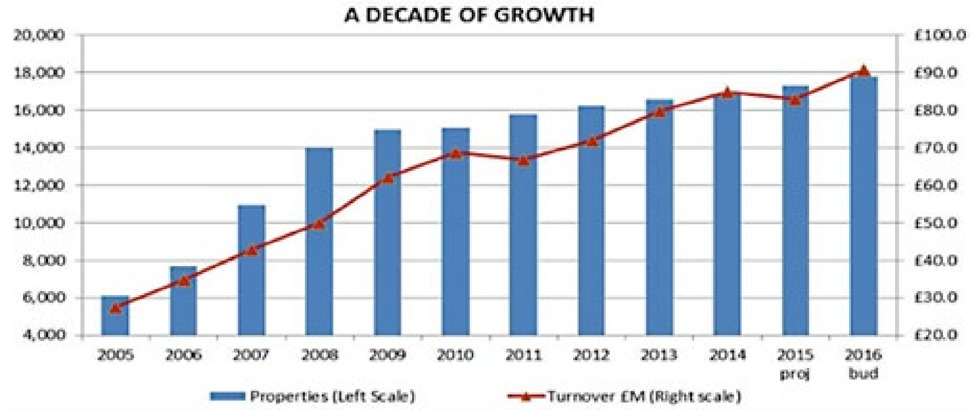
It is increasingly important that we display a clear cultural commitment to improving value for money and to ensure this we have built VFM considerations into our approach to project management, into our service review methodology, into our performance reporting mechanisms and as a fundamental part of any report that requires a decision.

ACHIEVING OUR BUSINESS OBJECTIVES

It has been a good year and this report identifies many ways in which Great Places provides, and is improving, delivery of VFM, viewed from any of a cost, a quality or a customer perspective.

Nowhere is our delivery of VFM more evident than in our corporate priority to build new affordable homes and in a time of acute housing shortage we maintain the resolve and commitment to maximize our performance in this area. Last year, we built 750 new homes, of which 730 were affordable units, with a further 909 starts. This represents an increase of well over 4% of our stock and places us 4th in a national league table of 'homes completed as % of homes owned/managed'. In the ranking of the top 20 developing organisations we have the second smallest asset base. We are the highest placed northern provider and we are one of only a small handful of associations which have any significant development presence in the north of England. So, in terms of what Great Places manages to achieve we believe we are getting the most out of our asset base.

The Group ended the year on target to achieving 18,000 homes owned or managed, a milestone achieved in July 2015. This ongoing growth must be seen alongside a changing stock profile, with a portfolio that is increasingly in full ownership, and underpins the Group's realisation of economies of scale;



As well as growth, 2014/15 also saw Great Places generate increased turnover and record surplus, and re-establish its G1 Governance rating. Solid foundations have been laid so that step change improvement in repairs and asset management, supported housing and business systems are well underway and a new corporate plan sets out the priorities for the next three years.

Following an update on comparative performance and on procurement activity, the rest of this section demonstrates the progress made against each of our six corporate priority areas.

BENCHMARKING

As well as monitoring our absolute costs and our performance, and how these change over time, we also understand the importance of the comparative costs of delivering specific services.

We are contributors to the full suite of HouseMark benchmarking clubs and our monthly Balanced Scorecard report shows comparative graphs for a range of indicators of costs and performance, using both national and North West comparator groups. These are then used as key drivers for strategic decision-making and for ensuring that our assets are performing well, that we are delivering high quality cost effective services and that we focus on what matters most when we seek improvement.

The extracts below are from the most recent HouseMark Value for Money Self-assessment data pack which was published in June 2015. This report compares the most recent cost and performance data available for 19 organisations similar in terms of geography, size, customer and stock profile.

VFM HIGHLIGHTS

UPPER QUARTILE	MIDDLE UPPER	MEDIAN	MIDDLE LOWER	LOWER QUARTILE

HOUSING MANAGEMENT & MAINTENANCE – COST SUMMARY

KPI	SAMPLE SIZE	UPPER	MEDIAN	LOWER	RESULT	QUARTILE
IT & Comms as % adjusted turnover	20	2.23	2.55	3.30	3.05	
Office Premises as % adjusted t/o	20	1.26	1.39	1.48	1.32	
Finance as % adjusted turnover	20	1.50	1.77	2.12	1.71	
Other o/head as % adjusted turnover	20	4.20	4.98	5.71	3.93	
Total Overhead as % adjusted t/o	20	9.91	10.91	12.46	10.01	

FINANCIAL PIS

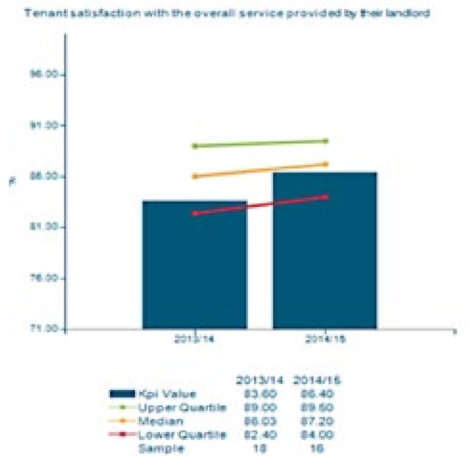
KPI	SAMPLE SIZE	UPPER	MEDIAN	LOWER	RESULT	RANK	QUARTILE
Adjusted net leverage	22	29.3	35.9	41.0	39.6	15	
Growth in turnover	22	6.0	4.9	1.5	2.8	15	
Operating margin	22	30.2	26.4	22.8	34.1	3	
Weighted average cost of capital	20	4.0	4.5	5.1	4.5	10	

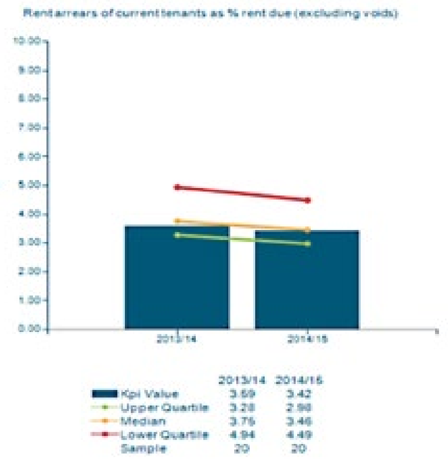
HOUSING MANAGEMENT & MAINTENANCE – COST SUMMARY

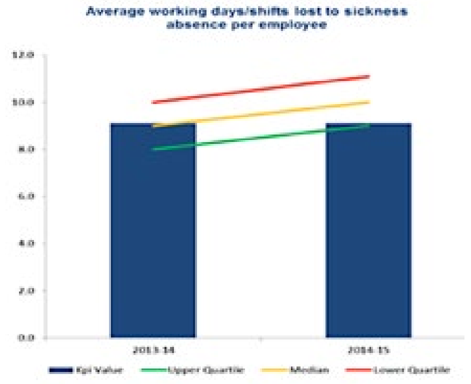
KPI	SAMPLE SIZE	UPPER	MEDIAN	LOWER	RESULT	QUARTILE
Total CPP of Housing Management	20	452.99	496.03	557.44	407.61	
Direct CPP of Housing Management	20	275.19	302.61	350.96	270.68	
Direct CPP of Rent Arrears/ Collection	20	80.27	89.50	107.97	89.99	
Direct CPP of Resident Involvement	20	40.32	44.71	59.63	41.34	
Direct CPP of Anti-Social Behaviour	20	27.88	45.09	51.95	51.07	
Direct CPP of Lettings	20	42.91	51.37	63.21	44.93	
Direct CPP of Tenancy Management	20	64.03	77.49	85.93	43.34	
Total CPP of Responsive Repairs	20	473.73	534.59	589.13	486.64	
Total CPP of Void Works	20	246.62	275.69	299.82	219.91	
Total CPP of Major Works	20	723.74	1,032.53	1,223.37	962.17	
Total CPP of Cyclical Maintenance	20	214.37	282.38	316.15	206.16	

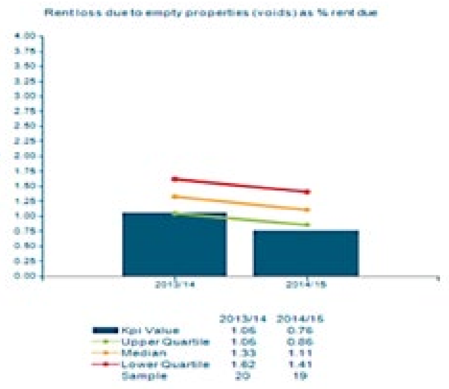
PERFORMANCE COMPARISONS

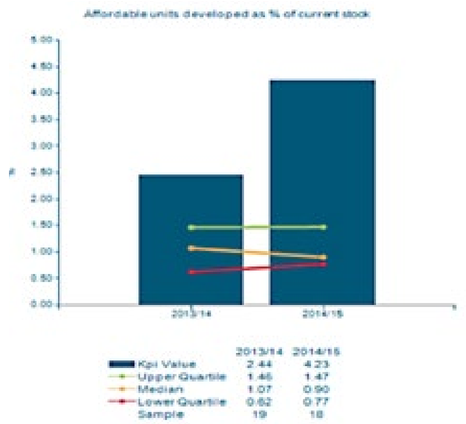
In terms of benchmarking our comparative performance, the tables below show our position against peer organisations in respect of 6 out of 7 of our Critical Success Factors (the final one being Surplus which does not lend itself to benchmarking). During 2014/15 we have improved our performance for 6 out of 7 CSFs, being better than average for our peer group in 4 out of 6, and top quartile for 2.

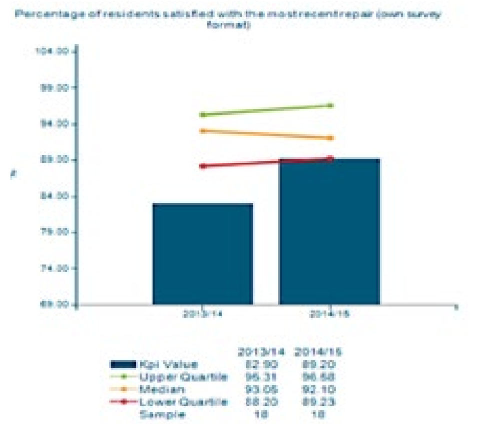












As an organisation, we also utilise HouseMark's benchmarking dashboard which pulls together cost and performance data over key service areas and plots comparative positions on a 4-quadrant matrix ranging from poor performance and high cost through to good performance and low cost. As shown in the diagram below, for the majority of our services, we are within, or close to, the 'Good Performance, Low Cost' quadrant in HouseMark's Core Benchmarking VFM data.

*This is a snapshot of our performance for 2014/15 based on a peer group of 16 housing providers in the North West with more than 10,000 properties, as determined by HouseMark.

ACHIEVING OBJECTIVES THROUGH MORE EFFECTIVE PROCUREMENT

As a consequence of the healthcheck carried out by Baker Tilly in early 2014, we have spent the past 12 months strengthening the procurement team both in numbers and mandate. We have introduced an updated Procurement Strategy and associated action plan, and have policies and procedures which place the team at the centre of all procurement activity.

There has been a significant shift in the activity of the Procurement Team in terms of their breadth of influence and profile. The team are more involved with asset management and development, where previously procurement has been run independently by these departments. In addition, the team are involved in smaller areas of spend that it previously did not cover such as training. Whilst this may not have the same level of spend attached to it, it reflects a shift where the team are increasingly at the heart of all procurement activity.

A comprehensive action plan was developed following the healthcheck, and all recommendations have now been signed off by our internal auditors. Successful implementation includes:

- Carry out recruitment, support and training to develop a complete Procurement Team – the team has doubled to 4 staff, with a new high-profile senior post of Head of Procurement.
- To develop a procurement risk register – now done and linked to the corporate risk register.
- To develop an approach for contract review to ensure savings embedded. A savings log has been developed, communicated through various channels including our Great Value group and Directors, and we have introduced a contract review meeting after mobilisation to ensure that savings are hitting budgets.
- Evaluate options for ICT solutions that could improve procurement processes.

Procurement exercises are now managed through the Delta E-sourcing online procurement system which provides a fully transparent platform for managing the group's procurement processes.

- Supplier orders are increasingly raised using our Purchase to Pay (P2P) system which provides increased control and a more transparent and auditable process. Use of automatic payment cards is also being investigated to assess whether further efficiencies can be generated within the organisation's payment processes.
- Introduce contract compliance reporting - we have identified all key strategic contacts and these are all being monitored. We have held a contract management workshop to ensure consistency in how we maintain compliance and are investigating an IT solution.
- A new procurement update report for Directors/Board has been developed and delivered – this has been introduced and a regular procurement performance report is now scheduled for both the Executive and the Board.
- Developing performance measures and reporting including value added, savings made – included in the report referred to above, as well as a number of key procurement indicators now being reported through our monthly corporate Balanced Scorecard.
- Carry out procurement exercises in keeping with the tendering action plan – we now have a much more structured approach to prioritising procurement activity and all procurement exercises follow correct policy and procedure, including robust specifications.

There are two areas of priority where significant work has been undertaken but where there is room for further improvement:

- Social Value - the team have been working closely with our new Social Investment Manager to develop a best practice approach to social value in procurement. Social value objectives are included in the procurement strategy and have featured in recent significant tendering activity, including areas as diverse as internal audit and investment works.
- Contract Management – we recognise that we can improve both the strategic and operational management of our contracts. The Head of Procurement is bringing together a project team to develop a contract management methodology and implement it across the Group.

Alongside these improved building blocks, largely around infrastructure and procedure, we have continued to carry out a high volume of procurement activity and the central team is now in a position to influence the majority of our non-construction spend and in the past 12 months has generated savings of over £1.6m. This can be broken down as follows:

Category	Saving
Servicing	£867,000 if the contract is extended to its maximum.
Agency staff	£168,000 if the contract is extended to its maximum.
Scaffolding	£40,710 if the contract is extended to its maximum.
Heating Investment	£210,000 if the contract is extended to its maximum.
Decorating	£70,000 if the contract is extended to its maximum.
Internal Audit	£32,000 on a two year contract
Allpay	£50,000 per annum
IT Storage Solution	£58,894 (one-off purchase)
Energy	£156,000 saving expected to 31 September 2015.
TOTAL	**£1,652,604**

In addition, we have a number of complex and high-value procurement exercises which are progressing well and which we expect to generate extensive savings alongside enhanced service:

- Fleet – against a current annual spend of £400k, savings of approaching £150k every year for 5 years (over £700k in total), plus an additional £18k pa based on fuel consumption savings.
- Executive Development training – we expect to make savings in the region of £50k.
- Investment Framework – on a spend of around £8million per annum, we are currently anticipating savings of just under £500k each year.

An emphasis on what matters most is crucial and by concentrating on the vision and direction of Great Places as set out in our corporate plan, we can evidence achievement against our stated corporate objectives:

1. CUSTOMERS AND COMMUNITIES

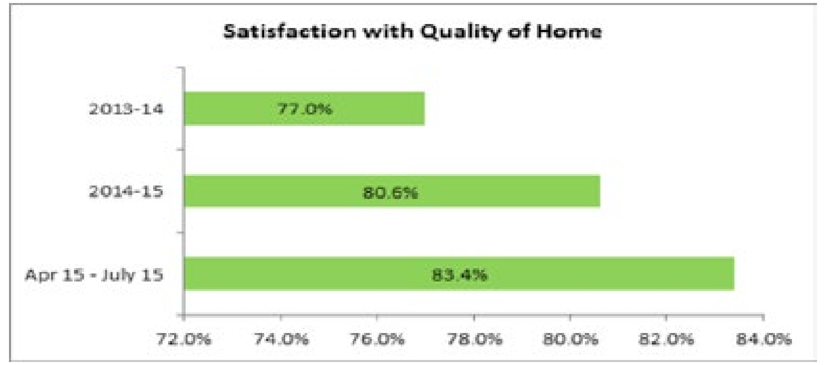
Objective	Indicative measures	Apr 15 - July 15		2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Target	Actual	Actual
Customer satisfaction and complaints	Overall Satisfaction	88.00%	88.00%	86.40%	85.80%	83.50%	88.20%
	Satisfaction - complaints handling	63.60%	-	59.40%	-	60.00%	61.90%
	Satisfaction with call handling	97.70%	-	96.20%	-	91.50%	-
Sustainable Neighbourhoods	Tenancy turnover	9.50%	-	9.60%	10.90%	9.40%	10.50%
	Satisfaction with neighbourhood	87.90%	-	85.20%	85.80%	83.70%	83.60%
	No of people into employment	104	70	44	30	43	n/a

- The composition of our customers and stock is approximately 75% general needs tenants, 15% Plumlife customers, including shared ownership, leasehold and market rent, and 10% Supported Housing clients. We tailor our services to meet different customer groups;
- We hold 100% of data about the gender of our customers and 99% for age, allowing us to understand need and tailor services in a more effective way. We cut our customer satisfaction data by different equality strands and link this to different reasons for dissatisfaction:

- Overall general needs customer satisfaction was 86% at the end of 2014/15, which was a 3% improvement in the year. By July 2015 it had reached 88% and has now recovered back to the record levels first achieved in 2012/13.
- Supported Housing customer satisfaction increased from 83% to 95%
- Plumlife overall customer satisfaction increased from 67% to 77%.
- Both of the above are based on well over 100 responses and represent top-quartile performance.

In addition:

- Satisfaction with rent representing value for money has increased from 78% to 82% during 2014/15 despite external economic factors.
- Customer satisfaction with the way we deal with Anti Social Behaviour finished at an all-time high of 90%.
- Almost 9 out of 10 customers would recommend Great Places to their family and friends
- Customer satisfaction with the quality of their home has been improving for some time:



- In supported housing, we capture intended support outcomes and monitor them against national top quartile positions. Performance in 2014/15 exceeded target in 5 out of 6 measures including 'Move on in a Planned Way' 93.6% against a target of 87%, 'Participation in Training and Education' 84% against a target of 75%, and 'Improved Management of Physical Health' 97% against a target of 90%;

- We consulted extensively as part of our vision and values process and have used the feedback to help us determine how and where we can provide better, more appropriate and effective services:

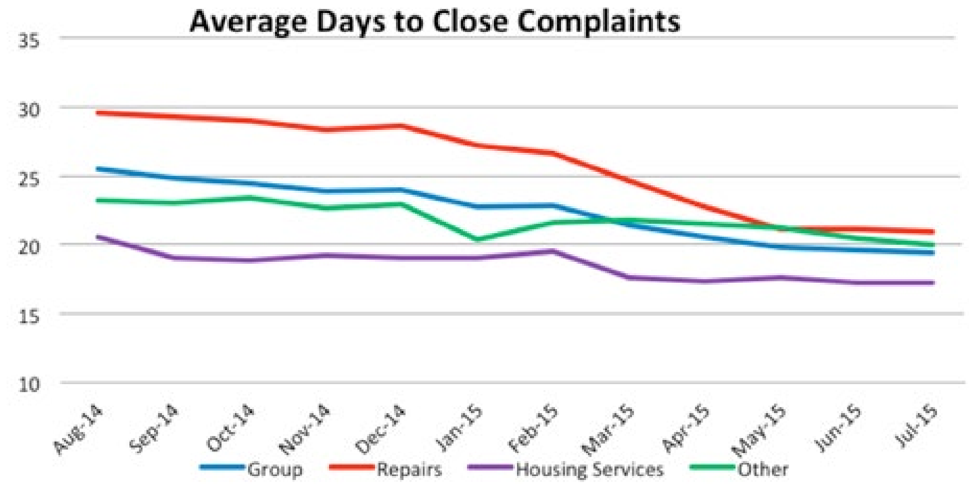
Our 'One Great Neighbourhood' initiative was intended to determine directly from residents what's great and what needs changing in their neighbourhood and use this feedback to create a series of action plans tailored to each specific area. Some of the key issues raised by residents, and now being addressed include:

- We have Our 'One Great Neighbourhood' initiative was intended to determine directly from residents what's great and what needs changing in their neighbourhood and use this feedback to create a series of action plans tailored to each specific area. Some of the key issues raised by residents, and now being addressed include:
  - Rubbish and the local environment
  - Youth nuisance
  - Crime and safety
  - Employment and training
  - Health and well-being
- The feedback and action plans are also being used in discussions with partner agencies, including the police, local authorities and other organisations working in our neighbourhoods, to improve the quality and cost-effectiveness of services being delivered.
- During 2014 the Group successfully completed the recruitment of a group of customers to form a new scrutiny panel, "Insight". The panel has already completed its first two major scrutiny exercises, looking in detail at firstly the complaints process and then our approach to dealing with Anti-Social Behaviour. In both instances, Insight delivered their findings directly to the Board and made several recommendations for improvement. Great Places also continues to utilise the knowledge and experience of customers as mystery shoppers and tenant inspectors.

We continued to embed our new approach to complaints management, which has been designed to make the complainants experience as positive as possible with a focus on outcomes, fair resolution and good customer care. The policy distinguishes informal and formal complaints, with the management of each being quite separate and distinct:

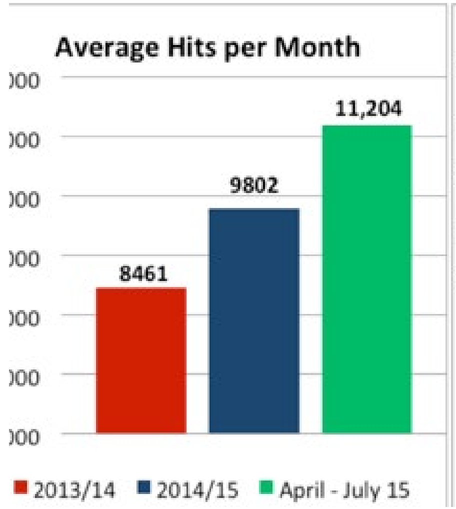
- Informal "Nip it in the Bud" (NIP) complaints – responding to initial reports of dissatisfaction at a frontline level, with resolution offered within 5 working days.
- Formal "Right first Time" complaints – where a NIP can't be resolved, a formal complaint is allocated to a manager for investigation and resolution within 20 days, focused on enhanced communication with the complainant, and a positive outcome for all parties.

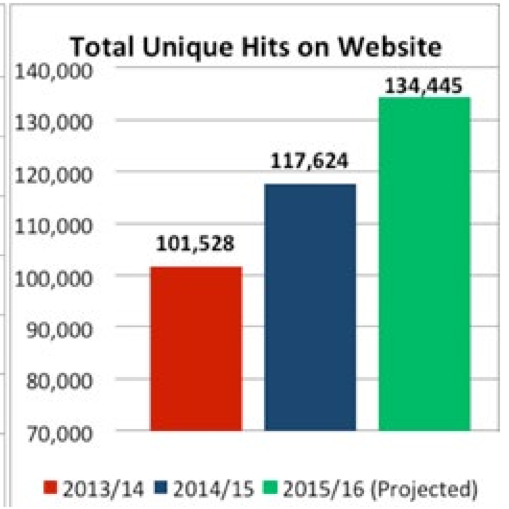
- Since introducing NIP complaints, we have seen an average of 250 informal reports of dissatisfaction per month. These represent negative feedback and comments, many of which would not have been recorded under the old complaints policy.
- The table shown below shows that the length of time taken to resolve complaints has reduced by 25%, from over 25 days to less than 20 days.



During 2014/15 our Repairs Desk answered 70,000 customer calls and our Customer Access Team (CAT), who take general enquiries, a further 60,000. The Repairs Desk missed just 3.0% of calls, a dramatic improvement on 2013/14, and the CAT team remained steady at 3.6%, despite the addition of additional service responsibilities to their role. Customer satisfaction with the experience of contacting the Repairs Desk was 96%, while satisfaction with CAT call handling rose to 99%. These figures provide strong evidence that we provide an effective and improving first point of contact service to our customers.

- 87% of contact made by customers is by phone, but the proportion contacting us via email has risen to 9%, and there were 190,000 hits on the Group's website in the year.
- We have worked this year to improve our website in terms of both content and functionality and this is shown in the increasing number of hits shown below.
- This increased electronic communication is cheaper, faster and less resource-intensive, so adding to the efficiency and effectiveness of the organisation:





- We have implemented the Group's upgraded customer relationship management (CRM) system and the interlinked repairs system which has created more effective, joined up systems and has facilitated more efficient ways of working. Examples include cutting down the time it takes to log a job from 10mins to 2mins allowing sub-contractors to update job details reducing duplication and operatives having less travel time between jobs.
- While we have had web-conferencing facilities for a number of years, during 2014/15 we introduced some new software called Team Viewer which allows for video conferencing from any laptop. This means we are no longer restricted to particular web-camera rooms and can hold meetings remotely from anywhere. With 6 regional offices and properties in well over 30 local authority areas this allows staff from areas as dispersed as Sheffield, Stoke, Blackburn and Blackpool to be able to meet virtually, resulting in time and travel cost savings.

Social value

Under our commitment to social investment, we helped 30 people into employment, 14 into apprenticeships, and 186 into training during 2014/15. This is supplemented by a further 84 people being assisted into employment or apprenticeship between April and July 2015;

Over recent months, to demonstrate the priority given to this area, we have recruited to a new Head of Social Investment position and completely restructured our social investment team based on:

- providing an integrated, targeted and universal 'offer'
- minimizing duplication and maximizing mainstream provision
- mechanisms to measure the social return on investment across the whole business
- meeting the diverse needs of all our communities and putting inclusion (social, financial and digital) at the heart of our work.

Our Board have recently approved a new Social Investment Strategy which clearly prioritises the creation of a work programme to drive up the number of economically active households across our neighbourhoods, and provide succession pathways for our customers to move forward and to make a positive contribution in their local area.

With this in mind, Board also recently approved a new Critical Success Factor for the organisation, framed around 'number of households helped into work'. We have set a minimum target of 70 per year, but with a renewed focus and energy we have already exceeded 100 by July 2015.

During 2014/15, Great Places has done more work to understand and put a financial amount against the additional social value work we undertake. This is in relation to additional activities above core landlord functions which we carry out to improve the quality of life of our customers, limit the impact of our activities on the environment and support local economic growth. We have started work, using HACT methodology and tools, to determine the headline wellbeing values per person per year for some of the community investment activity undertaken by Great Places.

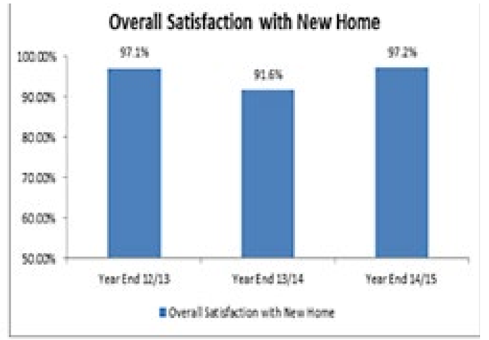
As an example we have interrogated the impact of Docherty House, a supported housing scheme in South Manchester which provides support for adults who are alcohol dependent. It generates social value and has economic impact, by lessening the burden on local services such as the NHS and the police. In total, using HACT, we have identified that this scheme alone generates over £120k of social value and over £650k of economic impact (with nearly £300k to the NHS alone). In times of austerity and tough funding decisions, the work demonstrates the value for money of this type of scheme and the benefits which would be lost should service provision be reduced.

During 2015/16 the Group will build on the work undertaken in the previous year in restructuring the service and reviewing current practices, relating to all aspects of social investment across the business, in order to deliver the new Social Investment Strategy for 2015 to 2018. We will target resources on key thematic priorities and core neighbourhoods, allowing us to negotiate challenges and opportunities brought about by Government policy in respect of welfare reform, localism and wider public service reform. We will implement our approach to measuring social value in key areas of the business, to ensure that we have a robust framework in place and ensuring that we are able to measure the impact of our added value functions.

2. GROWTH

Objective	Indicative measures	2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Actual
Building new affordable homes	Satisfaction with new home Units started/completed	97.2% 909/730	– 935/708	91.6% 893/576	97.1% 536/307

It has been a bumper year for our Development team with 730 new homes completed and a further 909 starts. Our non-framework activity added a further 20 completed properties, whilst Cube Great Places' market related activity generated an additional 141 starts. While having a record year for development activity the satisfaction of our customers with their new home rose from 91.6% at the end of 2013/14 to 97.2% at the end of 2014/15.



*Please note that completions and starts for 2014-15 in the above graph also include non-framework activity i.e. starts equals 909 framework, plus 66 non framework, plus 81 Cube for outright sale.

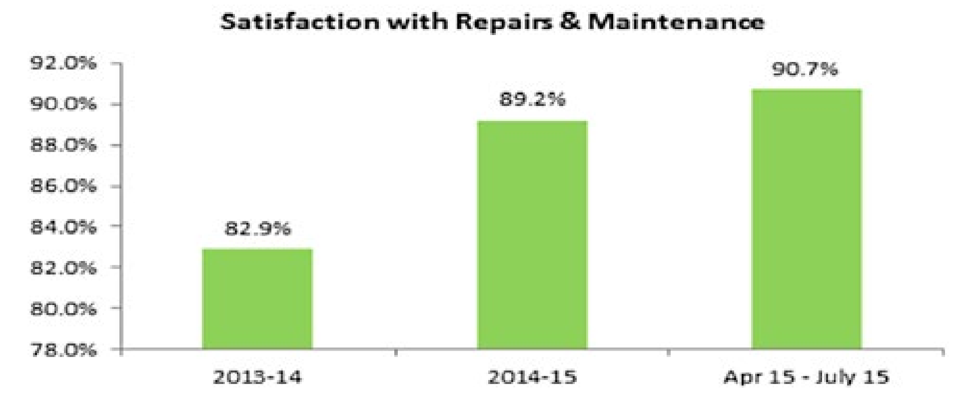
- Throughout 2014/15 Great Places continued its very significant commitment to new and existing homes with over £80M invested in building nearly 800 new homes plus another 200 brought into management under the Gateways to Oldham PFI contract.
- The Group successfully achieved all of the 2011-15 HCA Framework Delivery Agreement targets (not least being the completion of almost 1,300 affordable rent properties), and hit further HCA milestones by achieving starts on site for over 900 homes in the 2015/17 Affordable Homes Guarantee Programme.
- In addition to these HCA contracts, the Group continues to undertake additional non grant funded schemes negotiated through s106 deals with house builders, and a rolling annual provision of £5M is set aside to fund these opportunities.
- At the end of 2014/15, the Group had just 12 unsold properties, (all shared ownership), of which 5 were reserved for sale. Sales periods have reduced steadily, sale shares have increased, and target prices consistently achieved and in many cases often exceeded.
- Increased stability in the housing market has meant that the Group has felt more confident in the shared ownership product and also felt able to progress its outright sales ambitions.

  The Group will, through Cube as developer and Plumlife as sales agent, shortly have 76 for-sale properties in progress on five sites, with potential sales revenue of over £12M and surplus of over £1.3m. Early enquiry levels are extremely encouraging.
- The Group Business Plan assumes this profitable outright sales activity continues, with 30 sale units per annum.
- The Group also plans to expand its market rental activity, having consolidated around 100 existing market rent units at 6 different schemes into a single portfolio operated through Cube under the Plumlife brand.
- In addition to this portfolio Cube has two new developments of private rented properties that were on site by the end of March 2015:
  - 15 houses at Chimney Pot Park, Salford – expected into management in June 2016;
  - 22 houses at Moss Road, Stretford – expected into management from January 2016.
- We have recently been appointed as the management agent for the Three Towers "Tribe" project which is being developed by Housing Capital Trust and Cabot Square on the Northern fringe of Manchester City Centre. The project comprises 192 apartments. All of the first two blocks are now let in full and the last block, which was only launched in mid-July, has immediately secured reservations for 61 out of 64 units.

3. REPAIRS AND ASSET MANAGEMENT

Objective	Indicative measures	2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Actual
Well maintained homes	Decent Homes standard Satisfaction - quality of repair Satisfaction - quality of home	100.0% 91.2% 80.6%	100.0% - 79.1%	100.0% 87.6% 77.0%	100.0% 92.3% 83.6%

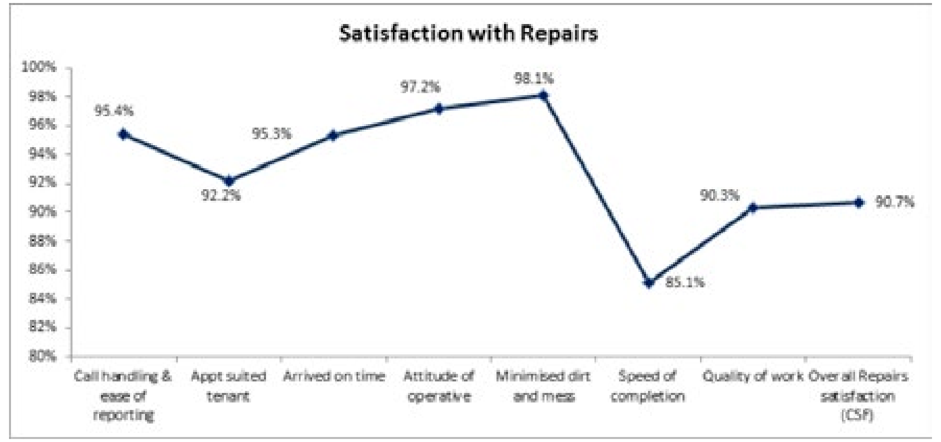
By the end of 2015, more than 90% of customers are happy with the quality of the repair that was carried out and satisfaction with the overall repairs service finished at 89.2% for the year up from 82.9% in the previous year.



The repairs and asset management team was re-structured during 2014, refreshing the leadership of the in-house maintenance team and improving the performance of the call centre, as well as ensuring that the asset management and compliance functions were fit for purpose.

- Alongside people changes, the service has been redesigned to ensure a clearer customer focus and to meet needs around:
  - The way we manage void properties
  - How we deal with out-of-hours repairs
  - Our use of materials, data and systems
- These changes and enhancement to service delivery, including mobile working technology, logistics and scheduling, materials supply and labour productivity have resulted in more activity at lower costs and with improved levels of customer satisfaction. Tangible and sustainable value for money.
- £13m of expenditure facilitated over 2,100 programmed improvements to the existing portfolio, whilst there was also £10.5m outlay on the Group's responsive, relet and servicing maintenance activities.
- Alongside this improvement in the quality of our repairs service, we have reduced the planned and routine maintenance cost per home and of 12 cost indicators for repairs produced by HouseMark we are top quartile for 7 and second quartile for another 3

We have also spent time this year better understanding the customers' repair journey and identifying where we can make improvements which have the greatest impact.



- From the repairs surveys carried out, we ask tenants to describe the service received in three words:

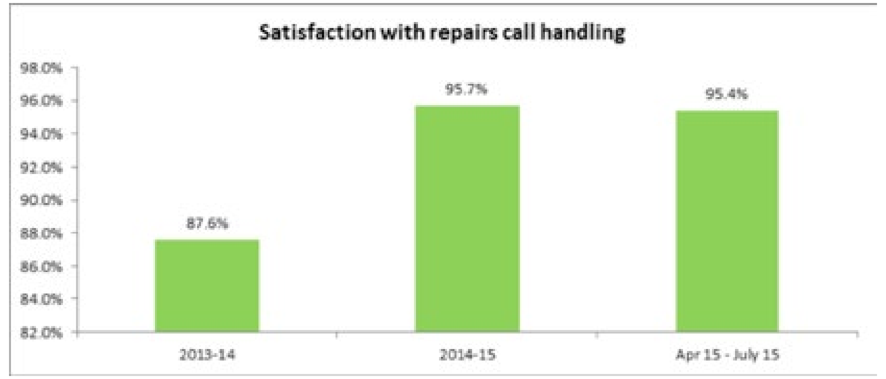
- Satisfaction with the professionalism, knowledge, and attitude with how we handle repairs telephone calls has remained in the mid-90s as both the average response time and the number of missed calls has reduced.

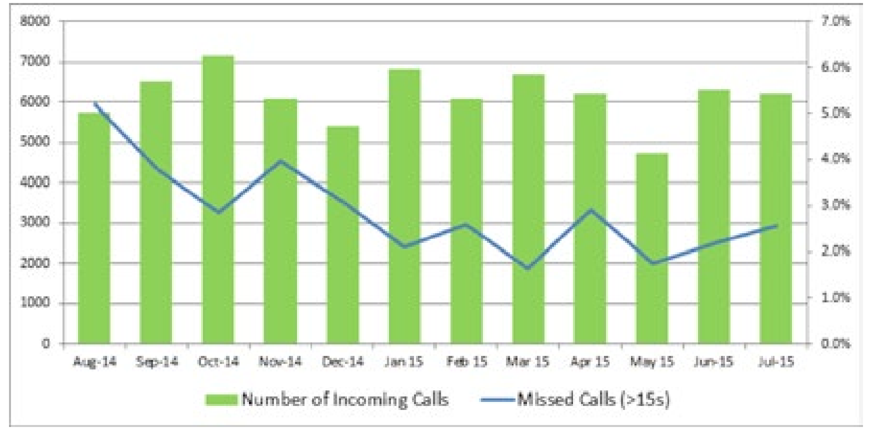
- We are now able to analyse repairs data in a much more comprehensive way and report by different trade, by different geographic area and by the priority of jobs, amongst other things.

- We now have a greatly improved understanding of the reasons for dis-satisfaction with the repairs service and the two primary reasons for dis-satisfaction are the general quality of the repair (25%) and a lack of communication (17%).

- Since the introduction of the new structure and the redesigned service we have seen improvements in both our first-time fix and end-to-end time performance, while average travel time has reduced and operative productivity has increased.

  The following graphs compare the trend in the number of incoming calls and the percentage of missed calls over the 12 months to the end of July and the trend in customer satisfaction with repairs call handling.





Throughout a time of significant change for the Repairs and Asset Management Directorate, the teams have managed to improve overall performance by delivering property maintenance, servicing programmes and a £8.4 million property investment programme.

An enhanced asset management investment programme was introduced during 2014/15 which included additional controls to avoid unnecessary investment where our PIMMS data was incorrect. We made improvements to customers homes through fitting;

✓ 628 new kitchens installed	✓ 368 bathroom installations
✓ 607 new boiler and heating systems	✓ 605 front & back doors
✓ 409 full window replacements	

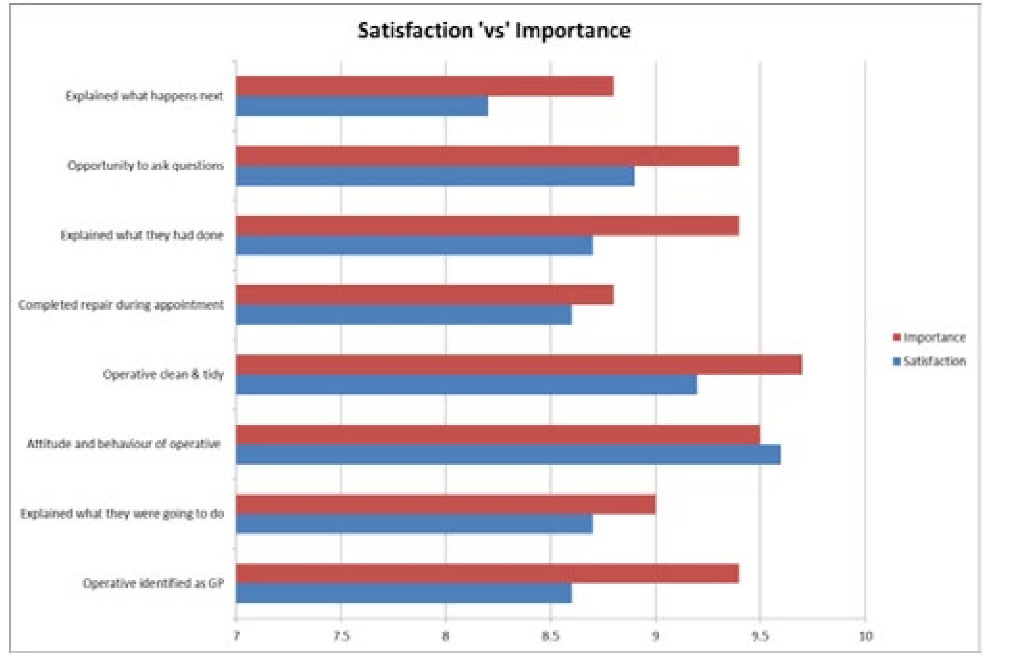
Key highlights from the year include:

- Completion of the procurement exercise for the Investment Programme
- Agreement to move forward with the investment at our Blackburn housing scheme Bowland House
- The trial of a new consultation process which resulted in the successful delivery of investment works at our sheltered housing scheme Openshaw Court
- Successful delivery of the work programme for window replacement at two housing schemes – Rodney Street and Bankfield
- Improved compliance performance across a range of activities from gas servicing to fire safety
- Improvements in van stocks and equipment to improve first time fix for repairs
- Replacement of operative handheld devices to improve communications at the frontend

We have introduced a Sub-Contractor Manager whose role is to reduce spend in this area by seeking ways to retrain our in-house operatives to carry out more work themselves. As an example, we have identified that we can get 20 operatives trained as locksmiths for £500 each. This £10k will be offset against a spend of £123k on external locksmiths during 2014/15

In an effort to continuing improving while maintaining a clear customer focus the Repairs team recently held a 3-day workshop designed to identify what a great customer service looks like and how we can respond with a measurable 'promise' to our customers. As part of the preparation for that workshop our Customer Involvement team carried out both focus group and telephone surveys to determine what was most important to customers and how satisfied they were. This exercise challenged some long-standing assumptions about importance and will influence the next stage of improvement activity of our Repairs and Asset Management team.

It is pleasing to note that the 4 areas identified as most important are also the highest satisfaction scores, and that the attitude, behaviour and cleanliness of operatives were the top rated for both.



We commenced a materials and supply chain review in 2014, looking into how we manage our future materials supply arrangements. During the review, and utilising external experience and expertise, we unearthed a wide range of issues surrounding our materials supply and our trade partner. The main areas of concern included:

1. Over pricing & inconsistent pricing,
2. Large amounts of operative down-time due to poor availability of materials and travelling to supplier(s),
3. Operatives being sent to third party suppliers for materials resulting in inflated admin costs being charged back to us,
4. Supplier "dump codes" being used on products purchased through second tier suppliers making it impossible to track and monitor spend effectively,
5. Tool hire not being managed and a high volume of lost items invoiced weekly
6. Multiple brands of products purchased due to limited availability.

These factors drove the notion of running our own distribution centre to improve completion of first time fixes and to improve customer service. Along with these are a whole raft of other advantages that ultimately would benefit our customers. We will be able to improve our van stocks, enabling better productivity from our operatives, reduce the amount of travelling time it currently takes to source parts, complete more jobs, and support a reduction in the end to end time from when a customer contacts us to arranging the appointment date and completing the job. This in turn will contribute to a greater level of customer satisfaction compared to our current service. In addition to this is the financial savings that we would achieve on the material purchases, as well as in reduced fuel consumption and waste disposal, which is anticipated to be around £200k per annum

As a consequence Great Places Board have now approved the setting up of a materials distribution centre, which should be up and running by the end of 2015 and which will have significant value for money impact.

Sweating our Assets

During 2014/15 we sold more than 60 properties which no longer fitted our desired stock profile, due to problematic location, issues of poor stock performance, and/or issues of cost.

A key driver of increasing surplus has been a renewed focus on profitability, as higher surplus obviously helps to create financial strength and enhanced cash generation. In addition to the benefits arising from lower interest costs and lower maintenance costs, the Group has several initiatives in place designed to improve our operating margin. This includes actions to divest less profitable business streams (such as some of our key worker stock) and an asset management-led programme of property disposals.

Great Places have developed a robust set of tools that allows us to understand the value of every property we own. A comprehensive suite of KPIs, informed by extensive asset information, enables us to report on each property by Open Market Value, Book Value, Existing Use Value and Net Present Value. By taking account of past and future performance factors such as, planned investment works, demand, energy performance and stock isolation, we are able to identify with some accuracy those properties which perform well and those which don't.

We have identified pockets of neighbourhoods across all our General Needs stock (150 neighbourhoods across the 12,500 managed properties) which also enable us to see how each is performing across a number of local key indicators such as arrears, voids, relets, turnover, profitability etc. For example, we know that 5% of our stock isn't seen as profitable in the next 30 years taking into account rent, voids and major repairs. They will not make enough money to pay off the average management and maintenance cost and the interest on the property.

These properties are highlighted in our monitoring matrix and analysed in terms of their performance before deciding whether to divest or not. Thresholds have been applied to this small group of indicators which act as triggers for further investigation into individual properties, buildings or neighbourhoods. Local neighbourhood teams play a key role in helping us to understand the issues at play, particularly the 'softer' more anecdotal feedback, and the eventual actions required to deal with poor performance.

Local context and partnerships also have a role in our decision-making process and, neighbourhood performance as a whole, as well as strategic or historic performance can influence and shape our eventual course of action. This intelligence is used to identify neighbourhoods and properties which are profitable (or not) and those which perform well and those which don't and this monitoring across neighbourhoods easily allows us to identify our top performers, but more importantly those which don't and where intervention is required.

This information helps us improve the sustainability of the Group's stockholding; identify and sell unsustainable and unviable stock; divest less profitable business streams (such as some of our key worker stock); reinvest sales proceeds in sustainable neighbourhoods; and identify our high value stock so we can decide if and when to make high cash-generative disposals;

Based on these processes and principles, we understand our stock and make informed VFM decisions based on relative performance. We divest where that is the best option, and invest where we wish to address poor performance in our priority neighbourhoods. Some key messages across our 155 neighbourhoods:

- 51% have a tenancy turnover rate above our overall average of 9.5%, with one scheme in particular in our Oldham region having a turnover rate of 42%.
- 21% have an abandonment rate above our current 4.5% average
- 43% have arrears greater than our current average, with the two highest being 9.8% (Fylde Coast area) and 8.9% in Newton Heath, Manchester
- 37% have an average relet time which is greater than our current average of 24 days, with the worst 5% of neighbourhoods averaging 83 days

A good example of the impact and effectiveness of this sustainability toolkit is that each of our previous top 10 worst performing neighbourhoods have all improved during the past year as a result of specific interventions. Equally, during 2014/15, the Group disposed of around 75 individual properties which performed poorly, and also carried out a transfer to another Registered Provider of 23 poorly performing properties in a neighbourhood in Oldham.

Other key considerations we use in our approach to assessing our return on investment are

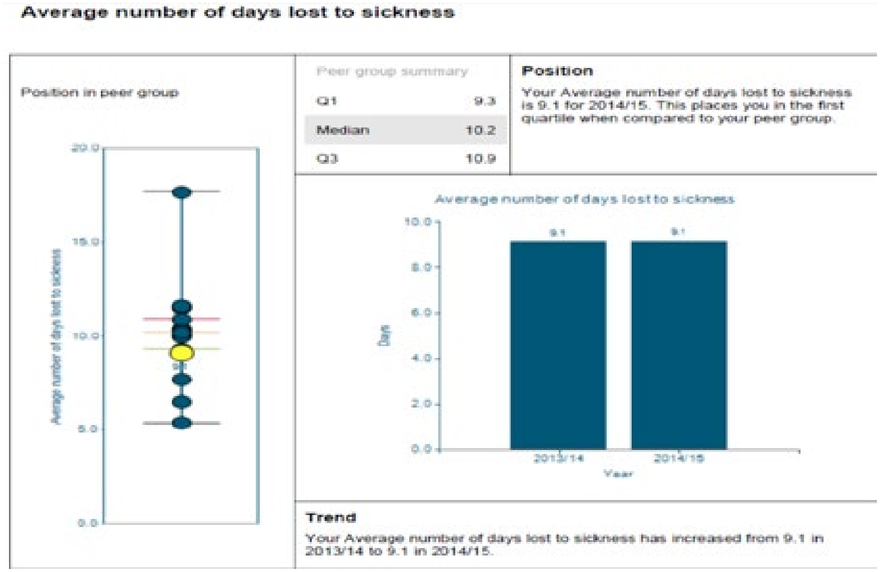
1. Analysis by business stream which shows that our General Needs and Shared Ownership properties produce decent returns, but Supported Housing and Keyworker are much lower.
2. Supported Housing comparison – this looks in-depth at contribution, after overheads, by Supported scheme, splitting the agency activity out and also including Extracare and Sheltered. It has been a large undertaking but it gives us a clear sense of which schemes make money and which don't. This in turn feeds into our Supported Housing strategy and decisions like which schemes to actively bid for, which to look to exit from.

We will continue to understand better our return on assets, measured against the organisation's objectives and management 'effort' for each property and then cost it, as well as building in external factors such as crime, indices of multiple deprivation etc.

4. PEOPLE

Objective	Indicative measures	2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Actual
Engaged staff	% of staff who think this is a great place to work	76.0%	-	80%	90%
	Staff turnover	21.4	-	9.8%	8.3%
	Sickness absence	9.1 days	9.0 days	9.1days	8.7 days

- While we just missed our target for average days sick, the figure, despite the high level of turnover, was no worse than the previous year and represents top quartile performance when compared to peer organisations. This is shown in the HouseMark benchmarking extract shown:



- For the period April to July 2015, sickness absence has reduced to 8.1 days and we have an 8 day minimum target for the end of 2015/16. Maintaining around 8 days average rather than 9 days will save the organisation over £50k for the year, and a new Sickness Policy, with stricter rules and earlier triggers will assist.
- Sickness is an important critical success factor for the organisation and we recognize that if we can reduce sickness by 2 days per person (from roughly 9 to 7 days) that creates 1,200 extra working days, which is the equivalent of 5 full-time positions.
- The Group remains of the belief that a key factor in delivering great customer service is an engaged workforce and that staff remain our greatest asset. Our ranking of 24th best large UK workplace in the Great Place to Work® survey, made us the top performing housing provider nationally, and a pleasing result given the changing environment we've been operating in over recent years.
- To show our commitment to our people, to ensure that staff have all the right skills, training and support to do their jobs effectively, and to help us continue to attract and develop talent in the business, we created a new directorate of organisational development position during 2014/15. With a specific place on the Executive, we can ensure that the People dimension is factored into all decision-making.
- As part Great Place to Work survey we now know 88% of our workforce think that 'this organisation manages its impact upon society responsibly', that 73% think that 'management has a clear view of where the organisation is going', that 83% feel that 'I'm proud to tell others I work here' and that over 3/4s of our workforce feel that what they do is 'more than just a job' that they 'make a difference' and that they are 'prepared to do extra to get the job done'. These figures show the reciprocal nature of valuing staff and the links to organisational efficiency and effectiveness.
- Since the introduction of the new Director we have undertaken a review of our Human Resources function. This is currently taking place, having recognized that team could be more proactive and streamlined in its processes, and could take a greater role in how the organisation develops. There is evidence that the HR function has been under-resourced so cost will initially go up, but return on investment is part of the measure for success and we expect to see some significant savings in certain areas as a result.

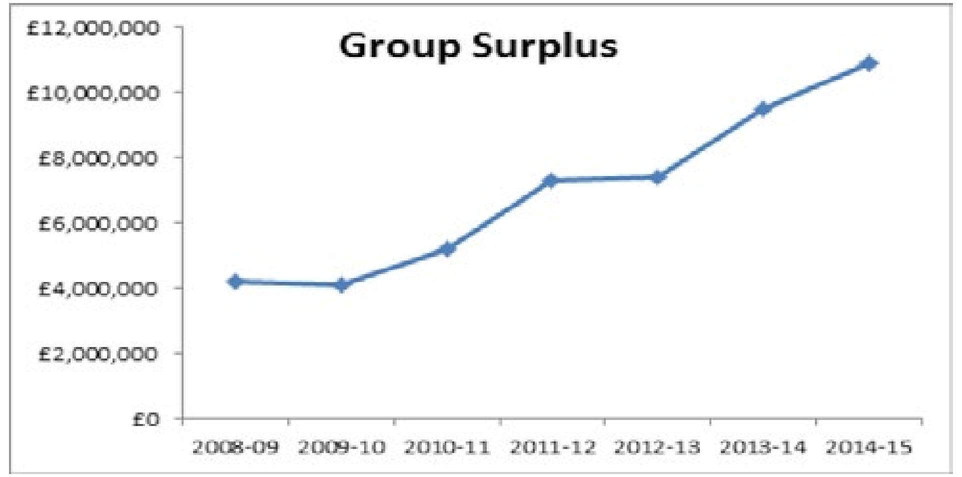
Initial specific projects have included:

- To respond to the poor results in the Great Place to Work survey around 'I am paid fairly' we undertook a comprehensive pay benchmarking exercise during 2014/15. All staff are now paid within a range based on sector averages. This exercise cost Great Places where staff were underpaid, but was viewed as an essential undertaking to maintain engaged staff
- A complete review of staff terms and conditions, the objective of which was to ensure they were fit for purpose, fair and relevant in the current climate and compare well with peer organisations. As a consequence, all employees have now signed a new contract with changes to, amongst other things, annual leave, Christmas opening and discretionary days, sick pay and maternity pay. All changes have been agreed but are definitely beneficial to the business, will help the organisation become more effective and efficient and will assist in ensuring a more productive workforce and a better operational model to meet the needs of our customers.

5. FINANCIAL VIABILITY

Objective	Indicative measures	2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Actual
		FINANCIAL VIABILITY			
Overall budget	Achievement of budget surplus	£10.9M	£10.2M	£9.3M	£7.4M
Turnover	Achievement of budget turnover	£84.4M	£84.8M	£85.1M	£79.6M
	Void loss relet times	28.5 days	27.7 days	33 days	25 days
	Current arrears	3.4%	4.0%	3.6%	3.5%
Operating costs	Achievement of budget	£55.6M	£56.6M	£59.6M	£51.9M

- The Group achieved a record surplus after tax of £10.9M for the year ended March 2015, an increase of 19% (£1.7m) over the surplus achieved in the previous year;



- Turnover (excluding Joint ventures) was £84.3M compared to £85.0m in 2013/14. However, this slight drop was due to accounting changes around the treatment of internally generated development income and if we adjust for this to compare 'like-for-like' with last year then turnover actually increased by 2.8% to £86.7m. This increasing trend is clearly shown by Social Housing lettings turnover, which increased by 7% from £68.6M to £73.4M.
- In January 2015 Moody's confirmed Great Places A2 credit rating and upgraded the Group's Baseline Credit Assessment (BCA) from Baa2 to Baa1. Fitch confirmed the Group's AA- rating in May 2014, but subsequently downgraded all its rated RPs in October 2014, so the Group now has an A+ rating with Fitch.
- Strong procurement performance resulting in nearly £2m of savings in the past year and two further high impact procurement exercises are close to completion;

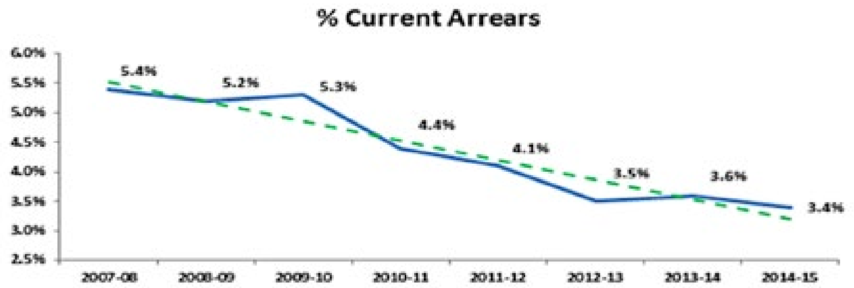
In addition:

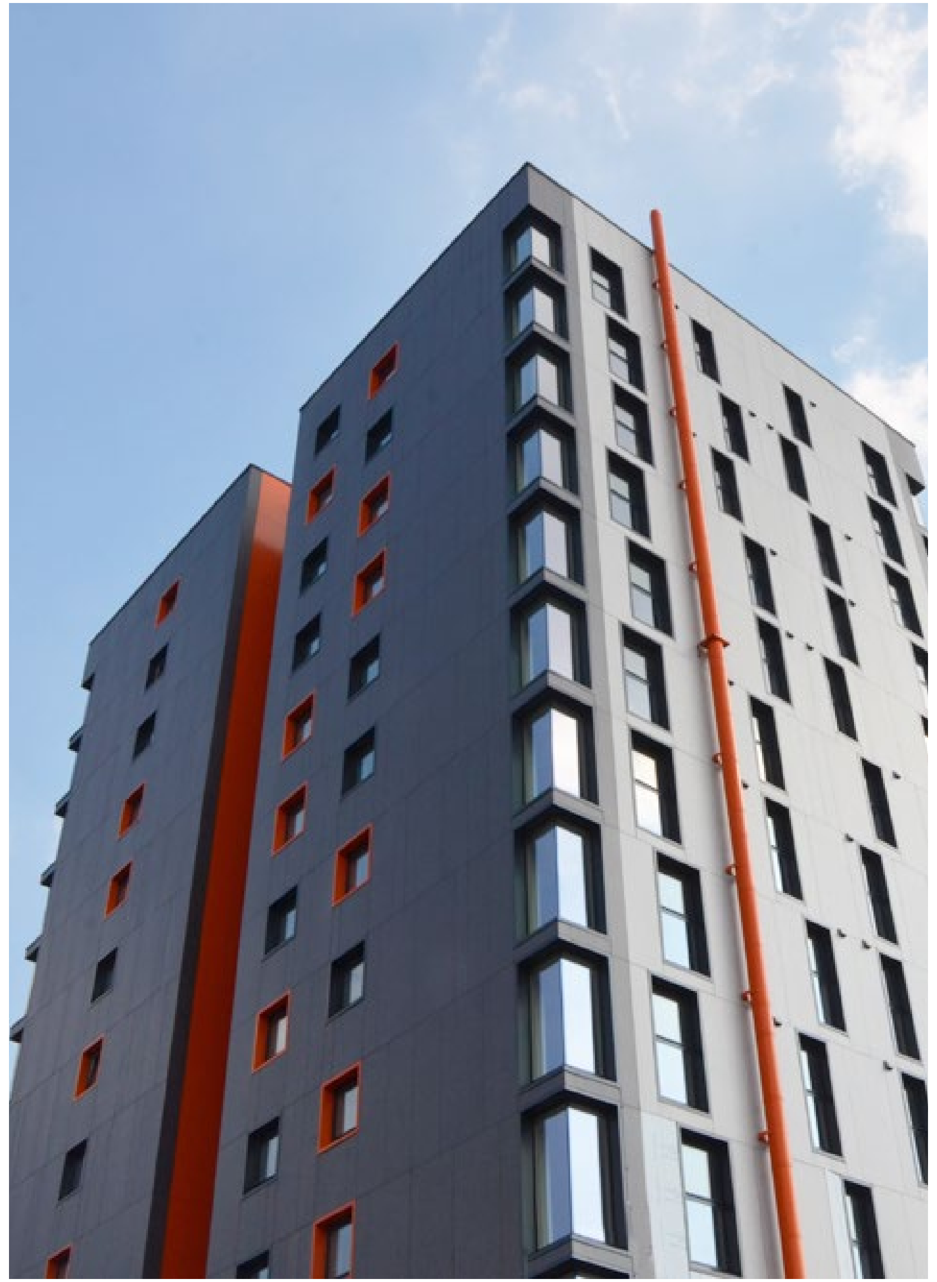
- We have retained our V1 viability assessment from the HCA (March 2015).
- Detailed business planning and stress testing processes in place;
- During 2014-15 we raised the final £18m retained element of our £200m bond, with a spread of 102bps and an all in cost of 4.002%. In the HCA's Global Accounts it states that 'the effective interest rate for the traditional sub-sector fell by 0.1% to 4.8%', so our rate is well over ½% better than the global average saving us nearly £150k per annum on that deal alone.
- The Group has funding facilities to last through to June 2019, with £135M of undrawn long term facilities and £50M of undrawn short term revolving facilities.
- Operating surplus has increased by 12.5% to £28.7M from £25.5M in 2014/15. This is underpinned by the surplus on social housing activities which grew from £23.7M to £27.9M (+18%), and represents 97% (2013/14: 93%) of the total operating surplus.
- Treasury strategy reviewed annually, taking independent Treasury advice;
- Hedged debt portfolio protects against rate rises;
- The Group is in a position to "tap" its bond issue, which take the GP issue to over £250M and into the relevant index, making it more attractive to funders;
- Strong relationship management with existing funders, helps control the risk of re-price;
- New developments are available for security usage with minimal time delay and properties are released from security swiftly once revaluations are received;
- Legacy debt regularly reviewed for repayment opportunities and security release;
- Unsecured and lease arrangements considered;
- Sticking to budgets' remains a key driver for maintaining our financial strength and we now have more accurate and timely business intelligence to understand our cost base, and how much specific activities cost the organisation. We achieve this through high quality monthly management accounts, by comparing costs and performance and by using benchmarking data as a can-opener. These all contribute to better understanding and improved decision-making.
- The concept of financial strength allows the Group to generate surpluses to reinvest back into the business, quite often now referred to as "profit for a purpose".

- Following concerns regarding both the controls and the efficiency how we make low-level ad hoc purchases, we carried out a review of our payment methods and introduced a purchasing card pilot. Benefits include:

1. Reduced time and resources spent processing payments and setting up suppliers for low value items (purchases in areas such as Community Development often mean the cost of administering payment are more than the cost of items themselves),
2. Enabling staff to acquire supplies responsively or 'just in time', which can be beneficial to providing good customer service and reducing waste,
3. Reduction in the number of queries from suppliers chasing payment,
4. Ability to negotiate improved supplier discounts due to faster settlement, and
5. Rebates based on spend, for example if we used this method for all our spend with level 3 suppliers (i.e. those who have the capability to provide enhanced management information) this would be a rebate of £6,220 for a 7 day payment.

At year-end, we had maintained our best ever rent collection performance, with our arrears across general needs and supported housing at 3.4% (improving from 5.3% five years ago). Across Plumlife, we ended the year at 3.8% for shared ownership, 3.6% for leasehold and 1.9% for market rent. All arrears figures showed improvement on the previous year, despite the initial impact of welfare benefit reform





6. GOOD GOVERNANCE

- Full compliance with the Group's existing code of Governance achieved;
- The Group is already fully compliant with the new 2015 Code of Governance and has updated its comprehensive suite of Governance documents to ensure this is maintained;
- Revised governance resourcing including a strengthened Company Secretarial function and additional staffing resource;
- The Group's risk management approach has been reviewed and thoroughly renewed during 2014/15, with the support of third party consultancy support and advice;
- The HCA's requirement to ensure the protection of social housing assets sits comfortably with the Great Places structure, where non-regulated activity is focused through Cube;
- Strong Board and Audit and Assurance Committee with clear terms of reference;
- Strong internal audit function in place with a robust three year plan;
- Maintenance of appropriate segregation of responsibilities;
- Compliance with all aspects of regulatory regime, including regular "gap analysis";
- Accurate and timely regulatory submissions reported to Board;
- Accreditation through the Investors in Excellence Business Excellence model;
- Full suite of strategies, policies and procedures in place, linked to corporate priorities and regularly updated;
- Regular testing of business continuity plans including third party input;
- A strengthened Corporate Health and Safety team;
- Restructured and renewed Compliance team within Repairs and Asset Management function;
- OHSAS 18001 accreditation for our approach to health and safety;
- 3rd party health and safety audit arrangements;
- 10 month gas servicing cycle provides headroom to deal with all problem cases
- Great Places volunteered to pilot the new HCA in depth analysis "IDA" programme;

All these aspects enable us to demonstrate that we are an effective, well run business with strong governance arrangement and a focus on what matters most.

MEETING LAST YEAR'S OBJECTIVES

In last year's Self Assessment, reference was made to a range of specific VFM actions. The table below highlights progress made against each

ISSUE	PROGRESS
Establishing a new VFM Working Group to accompany the Great Value procurement team already in place which will deliver actions identified in the recent workshops;	Done. We have re-launched Great Value with a broader VFM remit and already this group has scrutinised areas such as sub-contractors, the investment programme, agency staff, social value and the introduction of multi-functional devices
Revisit our corporate vision, values and objectives with an increased emphasis on business effectiveness and value for money;	Done. Our new vision and values were launched at Staff Conference in Dec 2014, and our new 3-Yr Corporate Plan from 1st April 2015.
Reviewing the structure and resourcing of a number of key functions including health and safety and procurement, to ensure these services are delivered in the most effective and efficient manner;	Done. In addition to health and safety and procurement, we have also restructured repairs and asset management, supported housing, human resources and the social investment team. All have had a strong, specific VFM driver.
Extending our Project 300 volume procurement programme to construct the majority of our upcoming Affordable Homes Guarantees Programme. Called P300e (extension) it comprises of 10 schemes with a total of 274 units, 2 of which are with Halton Housing Trust. Original P300 contractors, Seddon and Southdale, have agreed to tender the schemes using the same pricing basis as the initial P300 which, with rising build prices, is a very effective result;	The final units in our Affordable Homes Guarantee Programme started on site in March 2015; 187 of these homes (21%) were delivered through an extension to our volume procurement process. The contractors agreed to tender on the same pricing basis as the initial Project 300 process, which, with rising build prices, was an effective delivery model for this portion of our programme.
Re-procuring our insurance arrangements with a targeted 10% real price cost saving;	Complete. We achieved £48k cost savings, representing a 4% reduction. We accepted a lower saving based on a more comprehensive cover and reduced excess payments.
Heating investment re-procurement which will result in at least a 7% saving on a spend of around £1M;	This saving was achieved. This amounts to £210,000 saving over the duration of the contract and exceeded the 7% targeted.
Progressing two long standing VAT recovery opportunities that will reduce the irrecoverable VAT on homebuy agency fees and choice based lettings charges. This is in the region of a £200k one-off benefit, plus a small on-going annual saving of around £5k;	Done and expected savings achieved.
Reviewing and then re-procuring the consultancy support for, and the Investment programme itself;	The organisation has drastically reduced reliance and spend on consultants by growing and restructuring the internal team so that we have more of the skills in-house to support the investment programme. The re-procurement of the investment programme is just concluding and we are currently anticipating savings of just under £500k each year.
Re-procurement in a number of other areas including external decorating, servicing, recruitment and furniture where we expect to realise savings of between 5-10%;	• The re- procurement of our servicing contracts made an annual saving of approximately £300,000 and a saving over three years of £867,000. • The re-procurement of our recruitment agency made an annual saving in the region of £80,000. Over the 2 year contract total savings are set to be in the region of £160,000. • The re-procurement of our scaffolding contract made a saving of £10,350 per year. Over the 3 year contract this amounts to £31,050. • The re-procurement of our decorating contract achieved savings of £70,000 if the contract is extended to it's maximum duration • We saved £58,894 on a one off purchase of an IT storage solution. • On energy we made a £156,000 saving expected from 01 April 2015 to 31 September 2015 when compared to previous rates. • We are currently reviewing our furniture, white goods and carpet supply arrangements and we aim to save at least £40,000 annually.
Looking for further Treasury Management initiatives that could allow the Group to lock in long term interest cost savings or certainty;	The Group borrowed £60.9 million during the year which was achieved through: • The final £20.4M (including issue premium) element of the Group's retained bond in September 2014 at an all-in price of 4.002%; • £20.5M borrowed though the AHF Bond at a cost of 3.764%; • £10M from each of the existing RBS and RBS facilities. All of these are at very preferential interest rates.
Taking forward a major review and re-procurement of facilities management activities, most notably cleaning of schemes, communal facilities and offices, which will lead to more effective service delivery and a savings target of 10%;	Progressing but not completed yet. Environmental Services and Procurement Managers are working together to create a cost-effective, high quality service which adds real value, improves customer satisfaction, and gives a sense of pride and identity in neighbourhoods. We still expect to hit the savings target but extending the degree of customer consultation has drawn out this process. New arrangements will be in place by 1 April 2016.
Renegotiating service provision at our Keyworker schemes, which will result in savings of around £3k per month;	Done and expected savings achieved.
Cube will be the delivery vehicle for low risk diversification, with projects close to launch for outright sale and for market rent. Additionally the Group will investigate opportunities for developing linkages between housing and health, particularly for the elderly;	Done. 76 outright sale properties on site. 37 private rented sector properties on site. Tribe – Cube is the vehicle through which we are managing 192 private rented sector apartments in central Manchester.
We will shortly be implementing the Group's upgraded customer relationship management (CRM) system and the interlinked repairs management system which will both help with more effective, joined up systems and will facilitate more efficient ways of working;	Done. The CRM enables staff to work more effectively by reducing the number of systems they are using. Improved functionality means we are able to update customer records more easily, manage our data better and assign work via tasks to staff in an intuitive, manages and visible way.
The Group has well-advanced plans to improve its customer access arrangements with proposals for updating telephony and customer contact technology later this year.	Progressing but not yet complete. The telephony upgrade will start in October at our head office and move around other sites thereafter. We amended the initial timetable for procurement of contact centre software to allow time for our new Business Systems Assistant Director to input into the project. We have had demos of what is available to clarify requirements and will have a revised business case ready in September. It is on our forward planner for implementation by April 2016.

OUR FUTURE PRIORITIES

Our priorities for 2015-2018 are driven by the strategic objectives in our new Corporate Plan and by a more structured, coordinated approach to procurement. Specific activities include:

- Implementing the restructure of the Social investment team to ensure resources and outputs are maximized, as well as finalizing the management restructure within supported housing.
- Upgrade to office telephony and contact centre technology which will provide more effective ways of working as well as a financial saving of 20%.
- Delivery of new supply chain arrangements for repairs, including our new Distribution Centre.
- A review of our HR function with greater emphasis on a proactive service focused on organisational development.
- Review the office strategy, particularly leased accommodation.
- Introduce a new Agile solution providing both a staff mobile app and a customer app which will give them access to their account details, repairs history, transaction history/statements, make a payment, report repairs/ASB etc. and complete other forms/surveys.

As a consequence of the Chancellor's Budget announcement regarding rent reductions, we are currently assessing the impact this may have on the organisation and will determine how we will address the severe challenges it poses over the coming months. Clearly it will significantly affect what we do and moves us into a world of business transformation where the organisation is likely to look very different in 4 years time. **The intention is that we issue more detail eg: cost reduction targets in the next few months, which will supplement this document.**

This demonstrates that going forward there are numerous potential permutations defining VFM. Even the "for money" bit gets complicated as we determine whether we measure it by surplus, or by operating surplus/margin, or by gearing, or by interest cover, or by security exhaustion. All of these are key financial measures and keeping them moving in the right direction will be a more complex balancing act. The -1% rent for 4 years has taken £10M p/a off our 2019/20 revenue stream, and every year thereafter, and impacts on all 5 of those financial measures severely, so our on-going VFM challenge is obvious, and that is before we consider the 'value' aspect.

The consolation is that many of the things we have been working towards recently, such as more effective procurement, the new materials distribution centre, investment in Human Resources and Business Systems, will quite quickly begin to impact positively and fund the £10m "gap".

We are in a comparatively strong position and we will face the challenges in many ways, including:

- Having a robust strategic approach to VFM provides a strong starting point.
- Building on stress-testing and mitigation plans
- Accelerating some existing and planned initiatives
- Increased up-front investment in areas such as People processes and Business Systems to achieve greater efficiencies going forward
- Revisiting the number of new homes we develop
- A greater focus on costs and less on quality.

Immediately after the Budget announcement, the Board agreed that we needed to conduct a root and branch review of the organisation to secure savings and additional efficiencies to offset the reduction in rental income. This project has a key aim of securing a minimum of £3m in operating cost savings by March 2017. This project will start shortly with the following key aims:

- To ensure that we have reviewed and evaluated the whole organisation for efficiencies end-to-end to ensure we:
  - Develop our service around the customer
  - invest in value add work
  - Strip out as much of the non-value add work as possible
  - Reduce and/or understand all non-value add system conditions
  - Invest in technology to support working practices generating further efficiencies, with people doing the right work in the right place
  - Ensure we do not have work duplication or amplification within job roles
  - Streamline working practices within each job role
  - Agree appropriate structure and numbers for all departments.
- To secure operating costs savings by March 2017
- To ensure we have the right management structures

We want to bring about change that really works and everyone buys into. We want change to not be something that is 'done to' people but 'done with' people. We intend to develop a culture open to change and continue to be committed to finding new ways of working and looking at ways to improve. This culture will undeniably be driven by improving value for money.

CONCLUSION

Board and senior management worked collaboratively last year to agree seven key indicators, known as critical success factors or CSFs, contained in the table below. These cover all parts of the business, are linked to corporate priorities and give an overall flavour for the on-going health of the organisation. Progress on CSFs is reported to Board on a monthly basis and they are high profile indicators publicised widely and understood as being of top priority and significance to organisational progress:

Critical success Factor (CSF)	Year End Position: 2014-15	National Top Quartile	National Median	National Lower Quartile	Minimum 12 month Target	12 month Stretch Aspirational Target	24 month Stretch Aspirational Target
Overall Customer Satisfaction	86.4%	89.5%	87.2%	84.0%	85.8%	87.0%	90.0%
Group Surplus	£10.9M	-	-	-	£10.1M		
Arrears including HB	3.4%	3.0%	3.5%	4.5%	4.0%	3.4%	3.2%
Void Loss	0.8%	0.9%	1.1%	1.4%	1.0%	0.9%	0.8%
Staff Sickness	9.1	9.3	10.2	10.9	9.0	8.0	7.4
Practical Completions	HCA target met	-	-	-	HCA target	HCA target	HCA target
Overall Repairs Satisfaction	89.2%	95.8%	93.0%	89.9%	86.0%	90.0%	94.0%

By year-end 2014/15, we exceeded our target for 6 out of 7 measures, including meeting the stretch target for 2. For sickness absence, where we just missed our target, our performance was no worse than for the previous year and is still top quartile for our comparator group.

In a post-Budget environment, the work we have already done to embed value for money at all levels of the organisation will help us identify and deliver the additional efficiencies required. In addition to continuing to deliver savings through improving service quality, effective procurement, and working smarter, we recognise the overarching need to make further significant value for money improvement in 2 specific areas:

a) Delivering staff efficiencies – that's a huge challenge going forward and where we anticipate our business transformation approach will pay dividends. Additionally we expect our distribution centre to drive out productivity gains and our supported housing restructure to be a good blueprint for future reviews into customer-focused staff structure and composition.

b) Delivering stock efficiencies – we have a sophisticated approach to understanding and managing our assets and maximising the return on our assets. We are bound now to investigate other areas and comparative costs, including:

1) Leased properties – many of these are loss making

2) Management agreements – we have already made the decision to let Manningham HA manage our Bradford stock and are reviewing the Barracks TMO, comprised of 36 units in Salford, with a view to bringing them back into management

3) Insulation is a big cost within the stock condition costs but only applies to a relatively small number of properties. We accept we will probably never do these works, as they simply do not stack up, and disposal is the most likely option

It is clear from the vision and values work undertaken in the past year that there is a shared view of Great Places as a 'profit for purpose' organisation with a strong commitment to prioritise social impact in our activities. Nowhere is this more evident than in our commitment to build new affordable homes, activity we will continue to prioritise, albeit likely to be on a smaller scale, as stated in our corporate plan.

For 2014/15, we once again claim that there is one simple output where the performance of Great Places stands out from the crowd – delivery of new homes.

Last year, we built 750 new homes, of which 730 were affordable units. This represents an increase in excess of 4% of our stock and places us 4th in a national league table of 'homes completed as % of homes owned/managed'. Within the top 20 we have the second smallest asset base and we are the highest placed northern provider. So, in terms of what Great Places manages to achieve, we consider that we are getting the most out of our assets.

Overall the Board concludes that Great Places is clearly meeting the HCA's regulatory requirement on Value for Money.

GREAT HOMES
GREAT COMMUNITIES
GREAT PEOPLE

great places
HOUSING GROUP