

Self assessment against the VFM standard.

We believe that Calico Homes complies with the HCA's standard for VFM, a self assessment has been undertaken and the table summarizing how we meet these requirements can be found below.

Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
1.1 Registered providers shall:	
Have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade-offs and opportunity costs of its decisions	<p>Each year we produce a corporate plan that sets out our strategic objectives for the next 3 years and identifies how we plan to deliver them. We set and monitor efficiency targets and have a 40 year business plan and loan covenants that have to be met which are detailed in the corporate plan.</p> <p>Our thorough budget setting and business planning processes which are approved by Board ensure that we have an appropriate assessment of what is required in future years.</p> <p>We have made good progress with most of the improvements that were set out in last year's self-assessment and other work is underway. We acknowledge areas that we need to strengthen, such as void performance and tenancy sustainability and have plans in place to deal with these areas in 2015/16 and in future. The recent budget announcements in relation to the required 1% rent reduction over a four year period has meant that efficiency savings will need to be made in order to manage this reduction in rental income.</p> <p>A project group is in place to look at all areas across the organisation and cross subsidiary activity to identify the areas where potential efficiencies could be made. This includes bringing forward projects that had already been planned to generate efficiencies.</p> <p>VFM is a key priority throughout the organisation. A strategic group made up of managers from across the Company focusses on delivering and monitoring initiatives to ensure we "provide value for money in everything we do". This group has been reviewed and has become the "Being a Business" group in 2015/16 to set the direction for how we deliver effective and efficient services and maximise the use of our resources across the group.</p>

	<p>All Board papers identify how the matter for decision meets the Corporate Plan objectives and the value for money implications, including financial and non-financial matters (e.g. local jobs created).</p> <p>Development schemes are appraised using an industry standard system (ProVal) using parameters approved by the Board. Schemes are approved by the Board.</p> <p>Annual budgets, approved by the Board, set out the efficiencies achieved in the year and how these have been used to deliver the objectives.</p> <p>Efficiencies are generated in Calico Homes with the shared use of central services and offices.</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 value for money including the potential benefits in alternative delivery models – measured against the organisation's purpose and objectives	<p>Every 5 years our stock condition survey information is externally validated and used to populate our 40 year business plan. The individual property data is updated on a rolling inspection cycle.</p> <p>All our housing stock is located in close proximity to our head office in the centre of Burnley and is primarily estate based. Our neighbourhood strategy is focussed on developing places where people want to live. The Board believe this is best achieved by retaining stock on these estates. Long term voids on our estates have been investigated and action taken to deal with the issues which are preventing their letting, e.g. conversion of 1 bedroom energy inefficient flats into energy efficient family homes.</p> <p>A financial investment appraisal is undertaken for all non-estate based sundry properties when they become void to determine a course of action re retention/disposal.</p> <p>The EBITDA percentage has increased from 26% in 2012/13 to 33% in 2014/15 which shows increased profitability.</p> <p>We have undertaken a high level analysis of the profitability of our stock which revealed 38 loss making assets. These were either in a sheltered scheme identified for closure, individual properties within a sheltered scheme where disposal would affect the viability of the scheme or a sundry property.</p> <p>Our homes are more valuable than the initial cost of acquisition plus capital investment since</p>

	<p>purchase as evidenced by annual revaluation</p> <p>We have reviewed our asset management strategy which will be approved by Board in 2015. As part of this strategy we have set out a number of actions which will ensure we have a good understanding of the return on our assets. We are currently assessing models which we intend to introduce in Autumn 2015.</p> <p>External grant funding through the energy company obligation is secured to upgrade the energy efficiency of our stock which will assist our tenants with the implications of fuel poverty. Funding of £618,000 has been secured in 2015/16. Combining this activity with other external works ensures efficient management of costs, e.g. scaffolding costs only incurred once.</p>
Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance	<p>We keep accurate and timely data of our service performance coupled with detailed financial records of costs. Targets are set and monitored for key performance indicators, as is the direction of travel (improving/deteriorating).</p> <p>These are reported to Board on a quarterly basis together with financial costs and expected outcomes. The effect on loan covenants is also reported.</p> <p>Customers are involved in the selection of contractors and in the review of their performance.</p> <p>The focus and role of our resident scrutiny panel, RAISE has been reviewed in 2014/15. A new approach has been agreed whereby review and scrutiny of activity will take place regularly through our 'co-regulation framework'. Through thematic groups linked to key business areas we will be able to scrutinise and determine whether the services we are delivering are meeting the needs and aspiration of our customers.</p> <p>Our repairs service has been externally accredited by Housing Quality Network and this is reviewed regularly.</p>

Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so	<p>We benchmark our performance at an individual service level and benchmark specific costs, e.g. regular benchmarking of all salaries, costs of disabled adaptations, gas boilers replacement.</p> <p>Each set of management accounts calculates 10 value for money indicators for which targets have been established. These are used by managers to gain a better understanding of the cost drivers behind the activity.</p> <p>Avoidable calls to the call centre are monitored and action taken to reduce their volume.</p> <p>We are expanding the use of technology to increase the ways customers can access our services. More communication channels are available for customers, which improves the services we offer whilst reducing costs.</p> <p>Voids repairs continue to be an area of high costs due to the number of tenancy terminations. A full review of the voids process has been carried out and an action plan is in place to improve performance in this area.</p> <p>We have benchmarked our costs through the HCA global accounts. Our housing management costs are bottom quartile. Our approach to estate management (resources focussed on tackling ASB and estate presentation) and an investment in financial inclusion and energy efficiency activities as well as income recovery resource impact on this position. While costs have been closely managed, we will be reducing costs by a minimum of 3% in the next 12 months as the current level of cost is unaffordable. Customer satisfaction in our neighbourhoods is top quartile.</p> <p>We have established a contractor, Ring Stones, to undertake our previously outsourced planned maintenance and development work. This saves VAT but it also enables us to ensure targets for local employment are met. Of 58 employees, 41 staff live locally and there are currently 11 apprentices. This helps us to achieve our regeneration of Burnley strategic objective.</p>

<p>1.2 Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The assessment shall:</p>	
Enable stakeholders to understand the return on assets measured against the organisation's objectives	<p>Our website contains a detailed self assessment which sets out our focus on the neighbourhoods where we own stock. Delivering a vibrant neighbourhood where people want to live is a key objective and our approach to asset management reflects this. The impact on the neighbourhood takes precedence when decisions on repair or sell are undertaken.</p> <p>Our annual property valuation undertaken for funding purposes shows an increasing value of our social housing assets.</p> <p>The £30m increase in our loan facility (which has been made possible due to the increasing value of our assets) means that an additional 411 properties are to be developed in the next 5 years.</p> <p>We have invested in income management teams to maintain a top quartile collection level and the introduction of our Money Wise initiative continues to generate significant benefits for our customers.</p>
Set out the absolute and comparative costs of delivering specific services	<p>We compare costs of individual activities, e.g. voids, over time and through the budget setting process where comparisons to the previous year are made.</p> <p>We have benchmarked ourselves against our peers using the global accounts and identified why we are more expensive than others. The focus in this area is continuing to help us understand how costs can be reduced without adversely impacting on satisfaction.</p>
Evidence the value for money gains that have been and will be made and how these have and will be realised over time	<p>Net value for money financial gains are used to increase our development activity. Since 2012/13 we had been able to increase our new build potential by 41 properties and with the additional loan facility, we plan to develop a total of 411 properties in the next 5 years and carry out further ECO work during 2015/16.</p>

