



VALUE FOR MONEY



SELF ASSESSMENT
2017

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1 INTRODUCTION

Providing Value for Money (VFM) is an integral part of The Calico Group's strategic aims. As a Registered Provider (RP), Calico Homes produces, with involvement from the Board, an annual self-assessment against the Homes and Communities Agency's (HCA) Value for Money Standard. This demonstrates how by taking a sensible commercial approach, managing our resources and assets and innovating, Calico Homes realises our own ambitions alongside contributing to the wider Group purpose of "making a real difference to people's lives."

2016-17 has been a challenging time for Calico Homes Board. Reductions in income, welfare reform and changes within the political and legislative spheres have led to uncertainty within the operating environment. Despite this, operational and financial performance has once again improved, proving that Board's focus on VFM has been successful and has led to us delivering "more for less."

Furthermore, despite the challenges we face, our development programme is the biggest it has ever been and during the year, due to VFM savings we have been able to increase the number of units we are developing in our business plan. By 2020, we will have increased our stock profile by 10%.

Like many other RPs, the 1% rent reduction has impacted us significantly. However, we have built on our previous success by increasing existing efficiency targets across the business. The challenge we face is where previously we invested efficiency savings back into the business to support growth and innovation, now we must realise further savings to support these activities.

Being part of the Calico Group puts Calico Homes in a strong position around VFM. Not only do we share our central service costs, but we are also able to provide a unique service offer to customers which has ultimately protected our income, and supported business growth. Moreover, the relationship we have with our internal contractor Ring Stones realises Value for Money through partnership working, VAT savings and the creation of social profit. The challenge going forwards is improving these outcomes even further and continuing to develop our business.

We are continuing our Value for Money journey with vigour. We are continuing to develop our approach to understanding our costs in relation to other RPs, which is a key strand of our Value for Money Strategy. Delivery of our Development Strategy aims to maximise Group resources and sets out how we will continue to develop affordable housing options in a challenging environment of low grant rates, rapid changes in legislation and increasing customer expectations.



2 VALUE FOR MONEY FOR CALICO HOMES

Calico Homes is part of The Calico Group, made up of several innovative not-for-profit and charitable companies working together to make a difference to people's lives.

Everything we do is driven by our core values, which are as follows:

OUR VALUES - WE ALL COMMIT TO, AND CARE ABOUT



Going one step further
with our customers



Improving and strengthening
ourselves and our organisation



Our wellbeing as individuals
and teams

TO ACHIEVE OUR PURPOSE OF MAKING A **REAL** DIFFERENCE TO PEOPLE'S LIVES

Calico's Strategic Aims:

- 1) To be customer-led in delivering excellent services.
- 2) To create social profit for the areas where we work.
- 3) To provide value for money in everything we do.
- 4) To secure and deliver new business opportunities and partnerships.
- 5) To realise people's full potential.

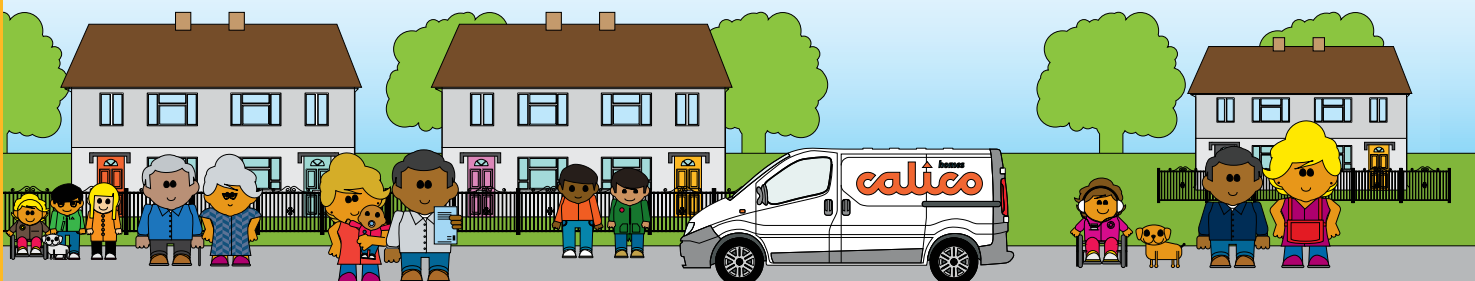
Being part of a Group provides an interesting context for Calico Homes Board who must ensure Calico Homes' best interests are prioritised above those of the Group. Board oversees the VFM agenda which during 2016-17 has focused around:

- Bringing down costs
- Maximising the return on assets
- Added value and social profit
- Maximising income
- Value for money into the future.

The review process for the Value For Money Self-Assessment has been as follows:

- Being a Business Strategic Group collate information
- Content reviewed by Leadership Team
- Draft provided to Audit Committee and Calico Homes Board for feedback
- Summary table approved as part of the Statutory Accounts for Calico Homes
- Final Assessment issued to Audit Committee and Calico Homes Board for comment.

Calico Homes Board have played a fundamental role in devising this self assessment, as well as governance in relation to the value for money agenda throughout the year. The annual review of key decisions taken throughout the financial year enables Board to reflect on performance against all of the Regulatory Standards, as well as our strategic aims, and identify any gaps which may need addressing going forward.



3 BRINGING DOWN COSTS

The majority of Calico Homes stock is within the Borough of Burnley which is the 16th most deprived local authority within the country*. With low house values and an over-supply of poor quality terraced housing within the Borough, we face significant challenges in managing both properties and tenancies. High levels of unemployment and benefit reliance add further to this picture. Historically, we have recognised these challenges as impacting on our operating costs, recognising continued high performance comes at a higher cost in this area of the country than in others.

* According to the Index of Multiple Deprivation 2015

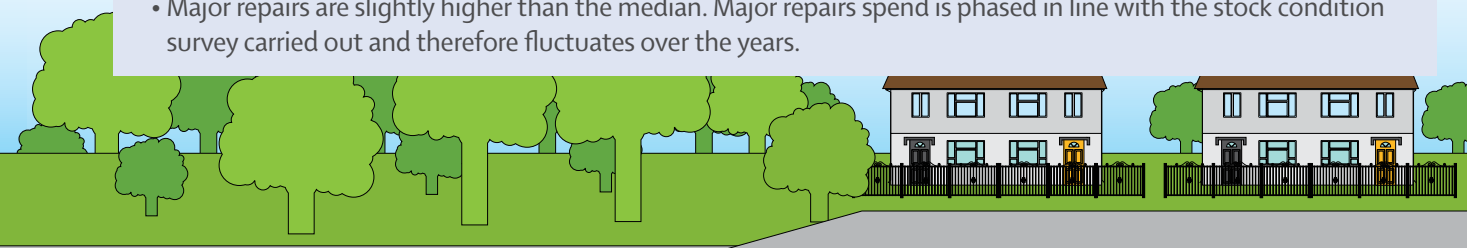
Benchmarking

Operating Cost Data Forecast to 2018/19							
Entity	Closing social housing units managed	Headline social housing cost CPU (£k)	Management CPU (£k)	Service charge CPU (£k)	Maintenance CPU (£k)	Major repairs CPU (£k)	Other social housing costs CPU (£k)
Sector Level Data							
Upper Quartile 2015/16	(worse)	4.34	1.32	0.60	1.18	1.08	0.44
Median 2015/16		3.57	1.02	0.36	0.97	0.81	0.21
Lower Quartile 2015/16	(best)	3.11	0.73	0.24	0.78	0.54	0.08
Calico Homes							
2014/15 (actual)	4576	3.42	1.13	0.14	0.95	0.98	0.21
2015/16 (actual)	4631	3.65	1.12	0.30	0.91	1.21	0.15
2016/17 (actual)	4806	3.20	1.07	0.23	0.81	0.97	0.12
2017/18 (forecast)	4812	2.71	1.10	0.24	0.66	0.60	0.11
2018/19 (forecast)	5007	2.70	0.96	0.26	0.65	0.70	0.12
2019/20 (forecast)	5045	2.57	0.94	0.27	0.67	0.56	0.13

The figures are quoted in £000s as per global accounts format.

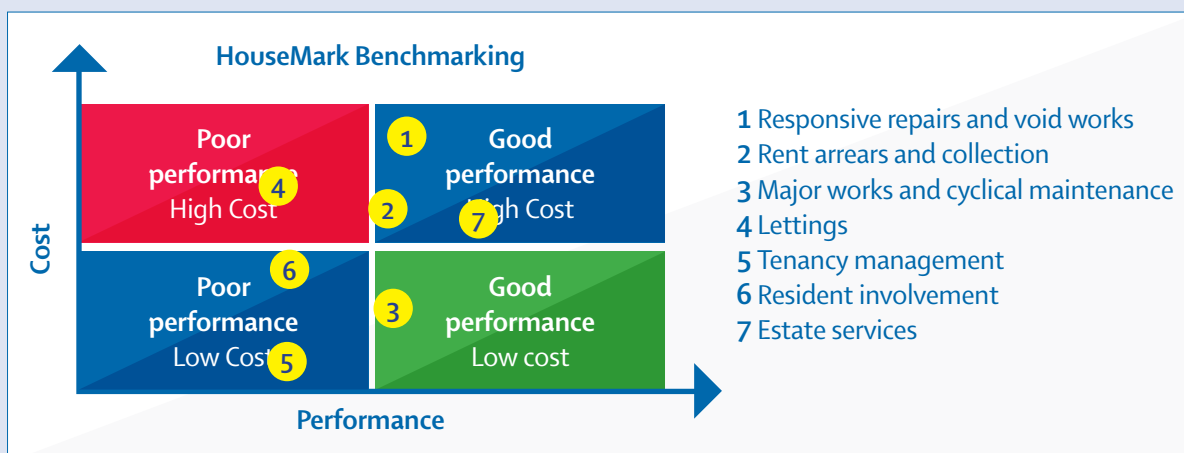
We do not yet have the quartile data for 2016/17. The table above shows that for 2015/16:

- Headline social housing costs per unit are just above the lower quartile which evidences good overall cost control compared to the peer group and a significant improvement on 2015/16.
- Management cost per unit for 2016/17 is just above the median. Central services provide support to other group companies, increased income contribution from group companies is now being achieved. Investment has been needed in some areas in order to produce efficiencies in the longer term.
- Major repairs are slightly higher than the median. Major repairs spend is phased in line with the stock condition survey carried out and therefore fluctuates over the years.



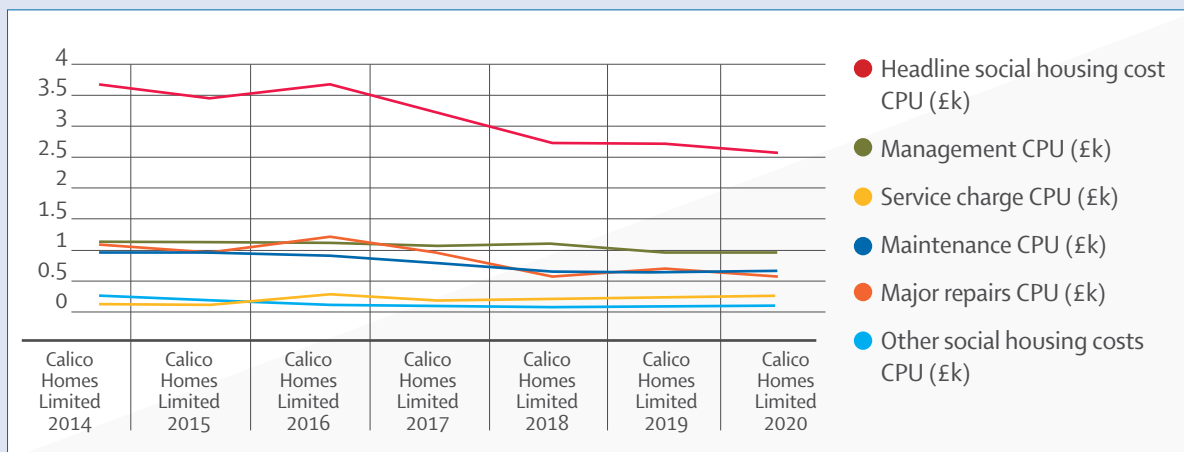
- The number of units managed in 2016/17 onwards includes the properties managed on behalf of Rossendale Borough Council.
- We continue to monitor performance against this and will regularly report to Board.

Below is a graph of the 2015/16 benchmark analysis.

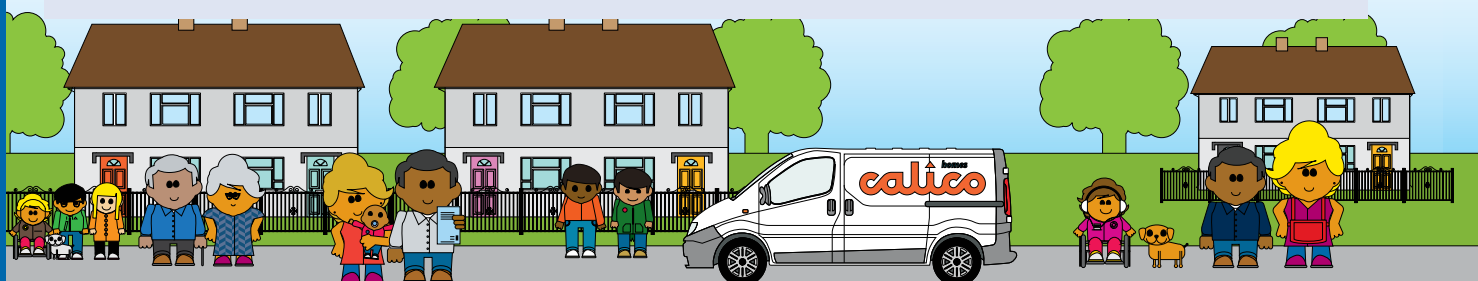


During 2016/17, we reduced resource within the lettings function, and we expect this to link to an improvement in the benchmark analysis for 2016/17. We operate in a challenging environment which, combined with our commitment to letting sustainable tenancies, can affect our ability to perform as strongly as we would prefer with the time taken to re-let empty homes. That said, we continue to work hard to introduce efficiencies within our lettings processes.

- Costs in Management and Maintenance are projected to reduce over the coming years, which reflects our cost reduction plans included within in the Business Plan. We recognise other organisations costs in these areas will also reduce shifting the quartile thresholds.
- Service charge costs increased from 2015 to 2016 due to the introduction of Intensive Housing Management service charges in our sheltered stock. This is reflected in an increased income into these services. The graph below shows the cost reduction:



This year's Vantage Business Solutions annual benchmarking has been submitted. We are taking part in the pilot scheme, Sector Scorecard, which is a set of 15 indicators that benchmark efficiency across the sector. The aim is for these indicators to become the mainstream way that efficiency and effectiveness are measured from 2018, and performance will be monitored by Board. Board have introduced targets within the corporate plan and additional key performance indicators have been introduced into our performance monitoring process.



The results from 2015/16 have been inflated by HouseMark to give indicative figures for 2016/17 and key measures are shown in the table below:

Performance indicator	Calico Homes	Lower Quartile (Worse)	Peer Group Median	Upper Quartile (Best)
Adjusted turnover - central overheads %	6.51	7.15	6.17	4.76
Cost per property - total Housing Management (includes overheads)	416.74	554.48	443.64	397.72
Cost per property - total Major Works (includes overheads)	1324.11	1386.71	1214.63	1001.21
Cost per property - total Rent Arrears & Collection (includes overhead)	170.36	194.62	159.67	117.93
Overhead costs (excluding notional office rent) % turnover	14.26	13.82	12.72	10.72

There were 15 Housing Associations in the peer group, all of a similar size to Calico Homes.

Central overheads are slightly over the peer group median as we continue to provide support to other group companies. We are receiving an increased income contribution from Group companies, and the efficiency programme has a significant target saving in the plan.

Housing Management costs are only slightly over the Upper Quartile figure for the group, significant savings have been made in this area and this is reflected in the 2017/18 budget.

The cost per property for Major Works is nearer the lower quartile, however spend in the business plan is in line with the stock condition survey done in 2013.

Rent Arrears and Collection is between the median and lower quartile, which is a good performance and the achievement of the team is reflected in the high collection rates achieved.

Our strategic approach to efficiencies

Prior to the 2016/17 financial year, we have had a target of 3% efficiency savings against budgets in place. Any efficiencies realised were reinvested back into the business to support service improvement, innovation and growth. Following the government requirement for registered providers to reduce rents by 1% for a four year period commencing 1st April 2016, we have adjusted our business plan and increased efficiency targets to 6% across the business.

Savings identified contribute towards the total cost saving required and therefore any funding for additional activities now needs to be found by achieving further efficiencies.

- In October 2015, Board approved a revised business plan which included £2.8m efficiency savings, which were required to mitigate the impact of reducing rents by 1% for 4 years from April 2016. Some of these efficiencies were achieved by reviewing business plan assumptions, such as restricting salary increases to 1% for three years, and reducing the variable interest rate assumption until 2020.
- The business plan also includes efficiencies required as a result of the reduction of Supporting People funding to the Older People's Service.
- In 2016/17, year one of the revised business plan, the efficiency target of £640K was achieved.
- Efficiencies of £575K, which deliver the target for 2017/18, have been included within the budgets and business plan which have been approved by Board.
- In 2018/19 further savings of £535K will be required and work is underway to deliver these. This target has reduced from £569K due to over achievement in the first two years of the programme.
- We aim to deliver the efficiencies with as little impact to service provision as possible. Where changes to services are planned, customer consultation is carried out to ensure their views have been taken into account.

- The development programme has been reviewed and changes made to assumptions which allowed additional units to be added into the plan, generating additional income.

In delivering the efficiency programme, Board agreed a number of principles:

- Protecting core services – specifically income collection, void property management and tenancy sustainment
- Protect key front line services and minimise the impact on customers
- Maintain strong performance across all front line services
- Reducing redundancy costs by taking an organic approach to reducing staffing resources for the first 12-18 months
- Increasing income to off-set savings required
- Consider Return On Investment and financial impact
- Focusing on productivity (do more for less)
- Maintaining levels of investment in properties in line with the stock condition survey
- Maximising opportunities within development (increasing the size of the programme)
- Consider the impact on staff morale and engagement
- Open and honest communication throughout.

A project team is in place to manage the efficiency programme and oversee delivery of the action plan. The Calico Homes Board oversees the delivery of the programme through key financial information and regular updates.

2016/17

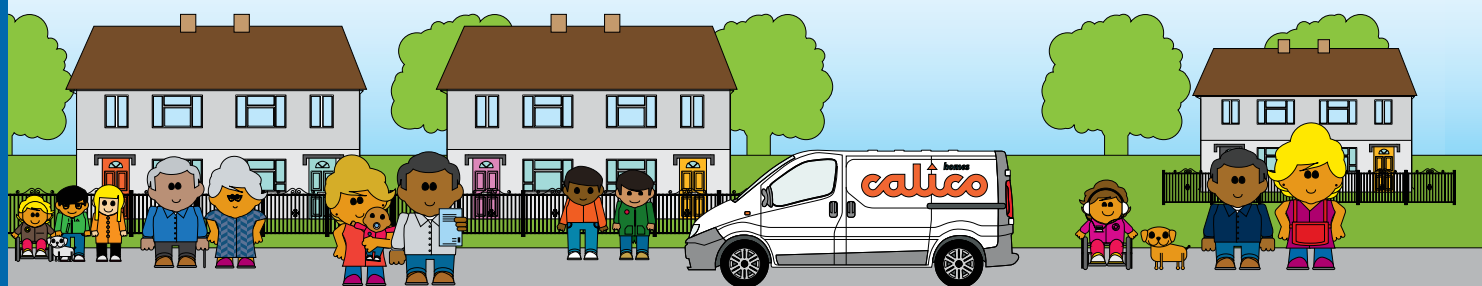
The Business Plan and budgets for 2016/17 identified £640K of savings required, which have been achieved. Additional £119K efficiencies were included within the Calico Homes business plan, above and beyond the £640k required.

Costs of central services have increased due to increased staffing in the HR, Business Improvement and Finance teams. This investment was required to support the growth of the wider Group. A full review of the costs was carried out in consultation with the Group companies and, as a result, contributions received by Calico Homes has grown since 2015/16 (£455K) to a budget of £883k for 2017/18. Previously, newer subsidiaries in the Group had paid reduced recharges for central services to support their growth, specifically Ring Stones Maintenance and Construction and Acorn Recovery Projects.

Some of the efficiencies delivered within the 2016/17 budget were:

- £63k reduced costs on repairs and gas servicing materials
- £80k reduction in Older People's Service staffing costs
- £76k reduction in number of operatives in repairs team
- £57k reduction in training and conferences budget, customer service training at £30k carried out in 2015/16
- £31k reduction in grounds maintenance contract due to a review of service provided and some work now carried out in-house
- £28k reduction in PR and marketing budget due to utilising more cost effective formats
- £23k reduction in funding to partners
- £20k reduction in void property security and facilities due to reduction in void levels
- £20k reduction in lone worker costs (increasing to £32k in 2016/17)
- £9k reduced costs on jetting services
- £9k reduction to neighbourhood salaries due to changes in service delivery model
- £4.5 reduction in recruitment advertising
- £23k income for managing Burnley Borough Councils' Empty Homes programme
- £70k income per year for PV on south-facing stock.
- £140K due to a sustained reduction in terminations and voids

All savings are recurring.



Going Forward 2017/18

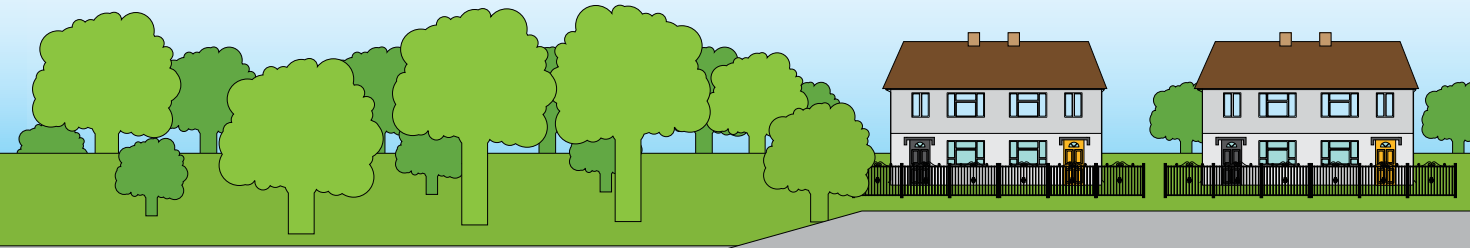
Board approved the budgets for 2017/18, which identify the £575K savings required. Efficiency savings planned include:

- £23K reduction in central services costs
- £140K reduction in Neighbourhood Services Team costs following a restructure
- £55K reduction in costs of the repairs administration team
- £98K reduction in the repairs team, due to retirement
- £11k savings in repairs services due to a review of our repairs policies
- £22K reduction in cost following a review of the Disabled Adaptation service
- £96K reduction due to review of our vehicle fleet
- £27K saving due to a review of our telephony systems
- £22K reduction realised following a re-tender of our asbestos management contract
- £14K due to a review of our lone worker system
- £9K saving due to the removal of our concessionary garden service

Work is underway to deliver projects that will generate additional savings in the final year of the efficiency programme (2018/19), which include:

- Review of central services (forecast saving of a further £27k)
- Restructure of property services office team (forecast saving of a further £26k)
- Re-tender of the materials supply agreement (£34K forecast saving)
- PV panels on Centenary Court (head office) (forecast saving £10k)
- Corporate benefits review (forecast saving £40k)
- Legal services review (forecast saving of £20K)
- Review of our waste management arrangements (forecast saving of £30K)
- Review of disaster recovery arrangements (forecast saving of £5K)
- Review of grounds maintenance contract (forecast saving of £20K)
- Restructure of our Call Centre/Reception teams (forecast saving of £44K)
- Review of our caretaking teams (forecast saving of £31K)
- Additional income from the Rossendale Empty Homes Project (Forecasted £25K)
- Additional income from affordable rents (forecast of £25K)
- Further review of the disabled adaptations service (potential reduction of £77K)
- Review of maintenance contracts (potential reduction of £50K)

Board have recognised that, in order to have a funded business plan that meets our corporate objectives, the above activities may potentially have an impact on both customer and staff satisfaction as they may affect customer service standards and staff engagement.



Savings created

The table below, in Forecast Financial Return (FFR) format, shows the key cost lines for 2016/17 and the next three years.

The cost lines demonstrate a reduction in costs over the 4 year period overall in line with our efficiency targets. Some areas have needed investment in order to achieved efficiencies in 2018/19.

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Management costs	5,141	5,302	4,817	4,767
Service costs	1,105	1,176	1,312	1,340
Routine maintenance costs	3,458	3,169	3,263	3,364
Major repairs	1,576	1,087	1,276	1,120
Rent losses from bad debts	339	468	691	712
Depreciation charge	2,674	2,874	3,093	3,312
Other social housing expenditure - lettings	303	230	314	340
Expenditure on social housing lettings	14,596	14,306	14,767	14,955
Support costs	282	282	288	293
Cost of sales – properties developed	1,062	0	0	0
Other non social housing costs	1,250	1,218	1,564	1,600
Operating expenditure	17,190	15,806	16,619	16,848

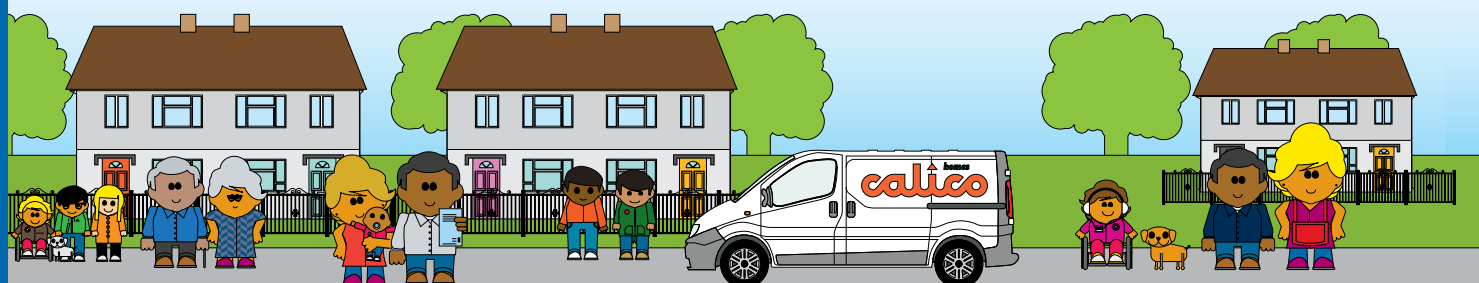
Overall costs and performance of Calico Homes

Despite the reducing income within Calico Homes business plan, we are proud to have improved operational performance once again, delivering “more for less” and achieving our ambitions within the VFM strategy.

Rent collection, void management and tenancy sustainment

In 2016/17

- We collected 99.8% of all available rent (an improvement from 99.4% in 15-16). Our rent collection performance is within the top quartile when compared with other providers using the HouseMark national benchmarking facility – in particular, our performance with the average level of Universal Credit arrears, which are currently £287 against a national average of £435 (as of January 2017).
- Our current tenant arrears were 2.1% (cash value £442K), which is well within our business plan provision for bad debts of 3.2%.
- Arrears of £244k were added to the former tenant arrears balance, which is a fall in the level of arrears added for in 15/16.
- We have also continued to improve former tenant arrears collection performance in 16/17. This has resulted in the overall former tenant arrears balance increasing by only £1527 in 2016/17, after bad debts have been written off. We remain well within the business plan limits for bad debt.
- We reduced our rent loss as a result of empty properties to 1.75% (from 2.38% in 15-16) – this equates to £198k per year.



- There has been a 7.5% drop in terminations year on year (493 to 31st March 2017 compared to 534 in the previous 12 months). The reduction in tenancy terminations equates to an efficiency saving of more than £137k when based on average void costs.
- 83% of customers sustain their tenancy for at least 12 months and our tenancy sustainment team work closely with the majority of new customers to support them to succeed in their new home.
- We secured external funding of £22k towards our tenancy management costs as a result of the management service we deliver on behalf of a Local Authority.
- We have restructured our Neighbourhood Management and Tenancy Sustainment teams in 2016/17 and this has resulted in efficiency savings of £140k.

In 2017/18 we will integrate the management of properties on behalf of Rossendale Borough Council in to our services and we expect that this will secure additional income of £22k per annum whilst spreading our costs across a greater number of units.

Case Study

The restructure of the Neighbourhoods services team will achieve £140,000 savings, £40K more than initial projections. The restructure, which forms part of a wider review, has also helped us deliver services in a leaner way, we achieved this by:

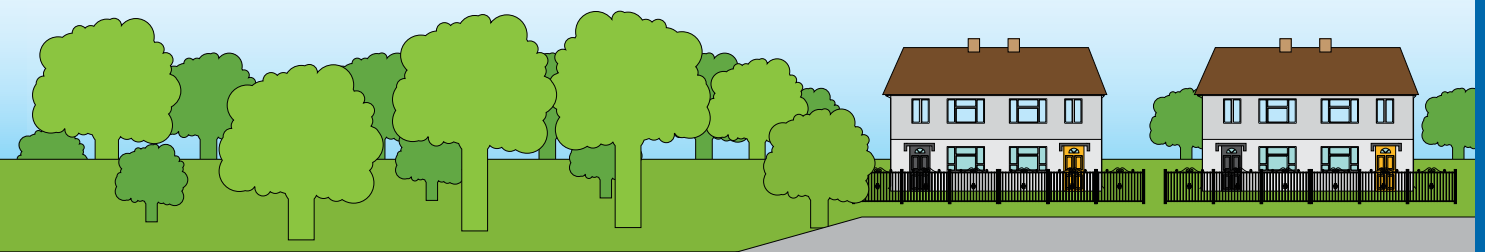
- Removing 9 roles and creating 3 new roles leading to a net reduction of 6 roles. This helps us to deliver our service in a leaner way that supports our approach to successful neighbourhoods and tenancy sustainment
- Moving the applications process to the Reception service helps us offer a more customer focussed experience. It supports us to deal with enquiries at first point of contact and makes best use of the resources within the Reception and Call Centre teams.
- Redundancies were minimal as a result of ensuring a number of vacant posts were available and working with other parts of the organisation to offer alternative employment.
- Throughout the process productivity and team morale remained high because of the support we offered staff.

By streamlining services we have been able to have an increased focus on tenancy sustainment, maximising income and creating successful neighbourhoods.

Anti-social behaviour (ASB)

In 2016/17

- We successfully resolved 99% of cases of ASB, an improvement from 2015/16 where we had successfully resolved 98% of cases.
- 99% of customers were satisfied with how their case was handled. This is an improvement on 2015/16 where 95% of customers surveyed were satisfied with how their case was handled. We will continue to closely monitor this performance to ensure it remains at a high level.
- ASB cost £115k in 2016/17, when we handled and closed 702 cases and it was the same cost in 2015/16 when we handled fewer cases.
- 693 cases were successfully resolved – with only 1% of cases closed but unresolved. This compares to 680 cases in 2015/16, which were successfully resolved, with 2% of cases closed but unresolved. This year on year improvement demonstrates the effectiveness of our approach to giving customers confidence to report problems to us.



- In 2017/18, to help us continue to perform well with reduced resource, we plan to train our staff to coach customers to help themselves positively resolve difficulties with nuisance behaviour. This approach also aligns with our value of going one step further with customers and our aim to help customers contribute to making their neighbourhoods successful.

Neighbourhoods

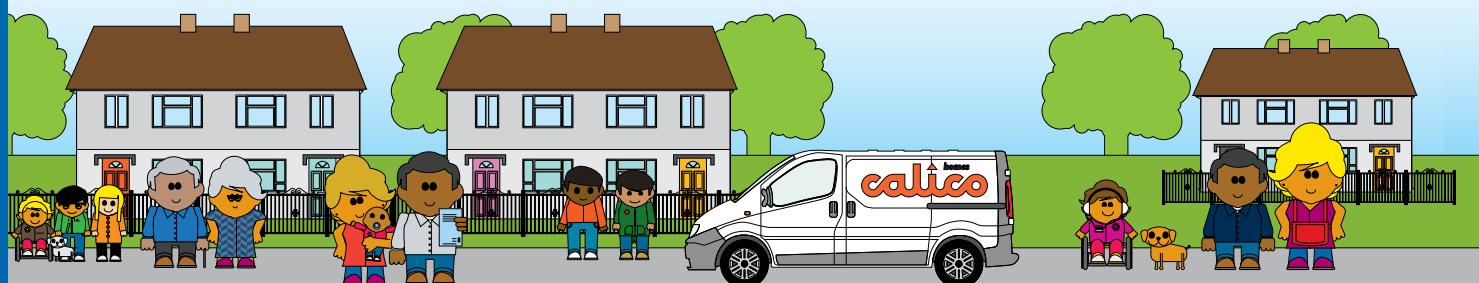
In 2016/17

- 84% of customers were satisfied with their neighbourhood as a place to live, which has declined from 88% in 2015/16. We have done some analysis of this reduction and have found that in many of our neighbourhoods, customers are more satisfied with their neighbourhood as a place to live than the data would reflect. We have done some informal engagement with customers and found that they often rate their neighbourhood based on the services they receive from other providers, not solely Calico. We plan to do better promotion of the work we do to influence and support partners to improve the services they are providing. .
- Our open spaces service made efficiency savings of £15k, over and above the £41k realised in 2015/16. This has been achieved by further improving our approach to hiring skips and managing grounds maintenance.
- We expect to sustain the cost reduction in addition to identifying further efficiency savings by considering how our open spaces service is structured.

Customer service

In 2016/17

- We improved our Contact Centre call handling time performance to 81.7% of calls answered within 30 seconds, against a target of 80%
- We further reduced the number of avoidable contacts (chase up calls) down to 5% (this was 8 % in 2015/16 and 11% in 2014/15). This equates to 1,200 fewer chase up calls year on year, with 1,000 of those due to the improvements on customer communication made in the Responsive Repairs service
- We now provide the B-with-Us Service on Reception and we have processed over 1300 new housing applications
- We have multi-skilled our Contact Centre and Reception teams and removed the need for a Repairs desk on Reception, repairs can now be reported to any member of Reception staff
- In 2016/17 the average cost per inbound call handled was £3.13 against £3.60 in 2015/16
- In 2016/17 our customer services team cost £342,927, compared to £360,484 in 2015/16, achieving the efficiency savings of £17k that we committed to
- We have changed our out of hours repairs calls handling service, this new contract will save Calico £9k in the next financial year
- We have carried out come in depth customer research, which told us that 88% of our customers use the internet, so we will use this insight to redesign some services to deliver further efficiencies in the future.



Elizabeth Street Project (ESP) and Supported Housing

In 2016/17

Elizabeth Street Project received a contract extension until the end of September 2017 from Lancashire County Council's Supporting People. The value of the contract currently is £165,865.00 per annum, and we support more than 200 people each year with accommodation, support and the skills needed to stay independent in their own home. During 2016/17:

- **95.32%** of residents at Elizabeth Street have moved on to live independently in the community in 2016/17 against a target of 90%.
- **100%** were satisfied by the overall service offered during 2016/17 against a target of 95%.
- **92.31%** of rooms were re-let within one week against a target of 85%. This meant that our rent loss for the year was 4.81%, below our target of 5%.

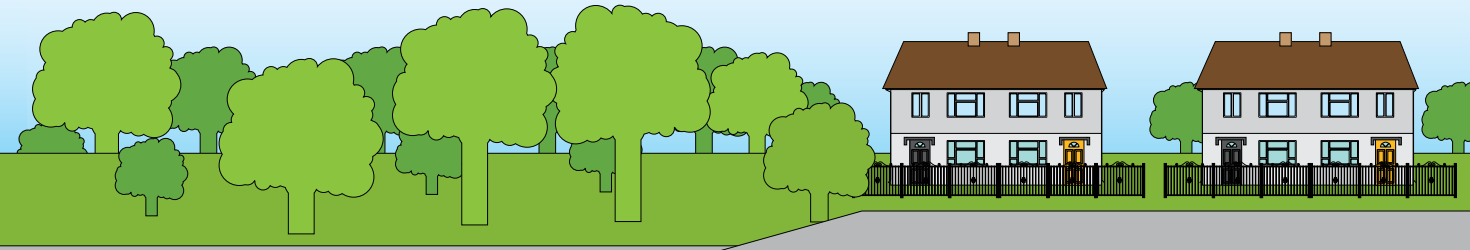
We are now starting to introduce more move-on accommodation for residents at Elizabeth Street, which will see capacity increase and, with more support, these residents will be able to move in to a Calico property and sustain tenancies.

The Supported Living service works with customers and partners to identify and provide suitable accommodation for vulnerable adults with a range of needs, including learning disabilities, mental health, those with a history of offending behaviour and individuals/families forced to leave their country in order to escape war or persecution.

In 2016 /17, we helped secure suitable accommodation for 33 individuals/families in order to meet their needs:

- 10 customers were provided with temporary accommodation as part of our Pennine Reconnect Project. The aim of the project is to provide quality accommodation and support to enable individuals with offending behaviour linked to substance misuse make positive life changes.
- Nine customers secured level access self-contained supported accommodation with on-site support.
- One customer secured self-contained accommodation linked to background support.
- Three customers secured shared supported living accommodation.
- Ten families were provided with accommodation as part of the Home Offices Syrian Refugee Resettlement Programme.

For 2016/17, our Supported Housing were reviewed to reflect our growth aspirations and business plan, which aim to provide support for more diverse and geographically spread client groups with a wider range of needs.



Pennine Reconnect

We continue to deliver our Pennine Reconnect Project to customers with a history of offending and substance misuse. The project's aim is to provide good accommodation and support to customers and is a joint initiative between Homes and Enterprise.

The project makes a difference to customers and the wider community tackling some of the causes of crime e.g. substance misuse and repeat offending associated with substance abuse. We can offer individuals a chance to exit past, damaging life choices and make a positive contribution to society.

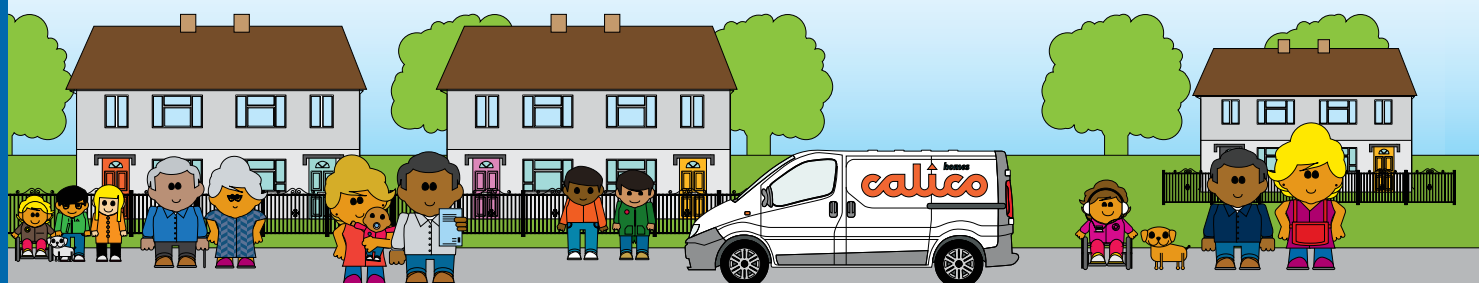
The project is funded through both Housing benefit and securing of external funding including from the Police and Crime Commissioner of Lancashire. The combination of funding has enabled accommodation to be decorated and furnished to a high standard and enabled the employment of a specialist support worker who provides intensive support to customers.

The benefits to Calico are as follows:

- Utilised void Calico Homes properties – reducing rental income loss
- Properties decorated and carpeted utilising external funding
- Customers on the project volunteering and giving back
- Reduction in crime
- Introduced new way of working and helping vulnerable customer group usually marginalised as a result of past history
- Partnership approach with a range of agencies involved including district councils, police, community safety partnership, probation, prisons and voluntary sector

Since the project commenced in July 2015:

- 8 people completed Voluntary work with Spacious place, Calico, Open Door, car wash, Veteran society, Thomas project
- 8 people completed various short courses
- 2 people completed Fair Bridge Programme with Princes Trust
- 1 person completed TEAM programme with Princes Trust/ Lancashire Fire safety Team
- 8 people taken part in activities with the Challenging through Sport Initiative (CSI)
- 4 people attended college, 1 awaiting course to start
- 8 substance free, 1 reduced significantly
- 3 paid work, including 1 apprenticeship
- 1 person went to rehab
- 1 person went back to local area
- 10 remained crime free
- 10 people have better mental health, less frequent episodes of low mood, anxiety attacks, depression, schizophrenia



Other savings for Overheads/Central Services

Health and Safety

- Lone Worker contract re-tendered, resulting in negotiated savings of £44K:
- Sourced alternative occupational health assessor for Hand Arm Vibration Syndrome saving £589 on five examinations.
- Collaboration with Ring Stones to achieve savings in training costs and consistency in training standards. Achieved savings of £2,200, which will see further savings on an ongoing basis for both Calico Homes and Ring Stones.

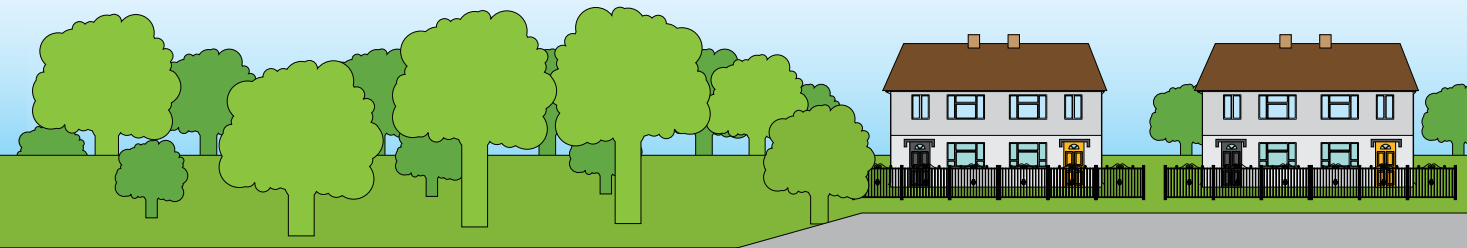
Facilities Management

- Fleet contract extended achieving savings in excess of £103,000.
- Photocopier contract review – savings achieved c£5,000 p.a. and better machines with greater flexibility for staff, in addition to paper savings for uncollected print jobs.
- Through the Crown Commercial Services framework we conducted a trial on an alternative fuel card to assess potential savings. Savings should be around 2% which equates to £1,027 on an ongoing basis.
- Energy contract review, savings in costs and efficiency in process. Negotiated deal to include SMART meters for gas as standard, creating a saving of 2%.
- To improve efficiencies when setting up contracts for new parts of the business, new email accounts have been set up. This saves us having to process contracts through staff outside of the Facilities team.

Human Resources

There have been several complex and lengthy sickness cases this year, which have impacted upon the overall sickness level shown below and affect the overall value for money and delivery of services. All of these are down on the previous year, which shows an overall improvement.

	Actual	Difference from last year	Target
Combined overall sickness	3.67%	-0.97	3.5%
Long term sickness	2.33%	-0.72	1.25%
Short term sickness	1.34%	-0.25	2.25%



Floating Support Contract Redundancy Exercise

Due to the withdrawal of funding from Lancashire County Council the generic Floating Support Service contract for North, Central and East Lancashire was decommissioned as of 31st March 2017. This placed over 60 of our staff at risk of redundancy and for the first time since the company was formed Calico was faced with making large scale redundancies.

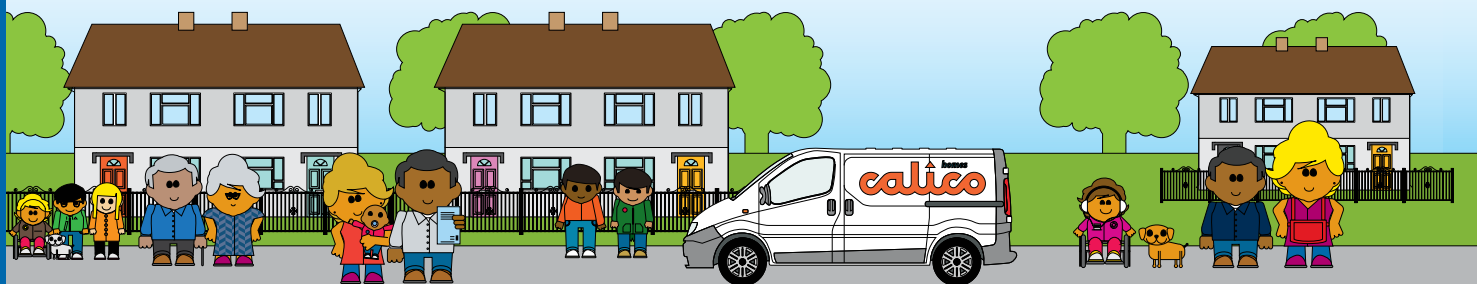
Our approach from the outset was to involve staff in the contract exit plan so that they were informed at all times and could help to shape the support they received. We wanted to retain and redeploy as many staff as possible but realistically we knew we would not be able to do that for everyone. We therefore met with staff regularly to consult with them and discuss their circumstances. We provided emotional support for staff, we arranged for financial advisors to see staff and help them to plan their budgeting and in addition we provided practical support through a series of workshops and individual sessions to help staff prepare their CVs and work on their employability skills.

Staff were given priority on 78 internal vacancies during the consultation period and were also provided with regular emails alerting them of external vacancies, in total details of 2718 external vacancies were sent to the affected staff. This all-encompassing support package was created by a number of teams working together effectively and deploying their own strengths and skills, Human Resources, Skills and Enterprise and the Floating Support team themselves all played key roles in the project.

In total 15 staff were redeployed within the Calico Group which meant that we not only retained high levels of skills, experience and knowledge but in addition we reduced our redundancy costs by £57,135. By advertising external roles to staff, several left the company before they became entitled to redundancy pay, this saved a further £14,896 on redundancy costs.

The overall outcomes were that having started the process with over 60 staff only 22 staff were actually made redundant on 31st March 2017. Staff benefitted from our approach as planning well in advance gave them time to secure jobs either internally or with other companies. The feedback received from staff who were faced with such a negative situation was overwhelmingly positive and validated our approach.

Despite being made redundant, one of the Floating Support colleagues stated, when talking about the support offered to her and her staff, ***"Thank you for all the work you have put into this. It is very much appreciated by the teams"***.



Case Study. Online DBS (Disclosure & Barring Service) Checks

Until March 2017 Calico had used our last provider as our umbrella body provider for DBS checks. The process with our last provider was that applications were completed on hard copy forms and these applications were not processed by our last provider until payment had been received. This process was slow as it relied on staff coming into the office to complete forms or forms being posted out and then returned before being posted on to our last provider.

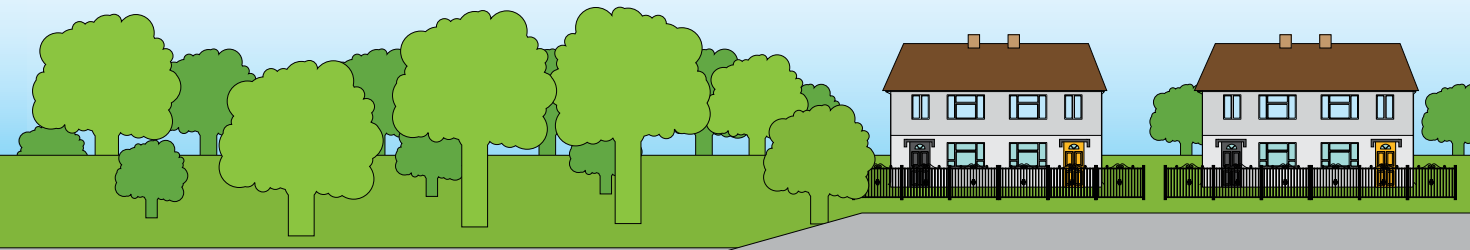
As the company has grown this problem has been exacerbated by wider geography and an increase in the number of staff requiring a DBS check through the care and addiction treatment services we now deliver. With these factors in mind we reviewed our approach and also consulted colleagues at Delphi, as they have many staff who require a DBS check, to find out what process they have in place.

We wanted to streamline our approach, reduce the geographical complications and increase the turn-around time from the processing of applications which was normally taking a minimum of 3-4 weeks. From March 2017 we have now started to use an online DBS application tool provided by a different company.

Instantly we have reduced turnaround times, for example a colleague completed their application on Thursday 23rd March using the new system, on Friday 24th March we received online confirmation of their check being completed and on Monday 27th March the colleague received the hard copy of their disclosure certificate ensuring they were able to take up their new role in the company without delay.

By implementing the new system we are providing a vastly improved service. With the new service provider we pay for checks upfront and can see our balance online so that we can make additional payments as and when needed. Although the cost of completing the checks is the same as with our previous service provider we are reducing associated costs.

By reducing turnaround times, managers are not having to delay appointments which means they are not incurring costs of additional staff cover either through overtime or by using bank staff or agency staff. Customers are also benefitting as they are receiving services secure in the knowledge that staff have been suitably checked and we are able to therefore satisfy our regulatory obligations.



4 MAXIMISING THE VALUE OF OUR ASSETS

Calico Homes owns and manages nearly 4700 properties across the North West. It is important we understand and optimise the return on our assets and have a sustained rental income from them, so that we can continue to provide services that will secure a brighter future for the communities in which we work.

Our asset management strategy aims “to ensure assets are managed in a way which maintains and maximises their value. If we do this successfully, our assets will support financial viability, growth and social profit.”

We consider value to comprise four themes:

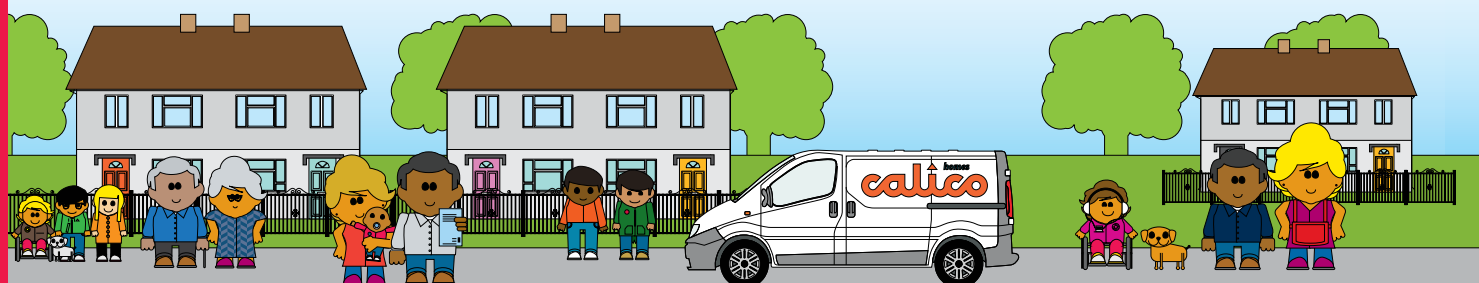
- There is current and future demand for the asset
- The asset is fit for purpose
- The asset is financially viable
- The asset contributes to creating social profit and growth.

Our Asset Management Strategy objectives are aligned to these themes, two of which are:

Financial performance – we will understand our Group assets, their value and how they are performing financially and use this information, in conjunction with neighbourhood profile mapping, to ensure continued or maximised income.

We will 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.

Value for Money – Using financial performance information to target investment or options appraisal and therefore get the best return on assets we will deliver economy whilst maximising effectiveness and efficiency.



Asset performance information

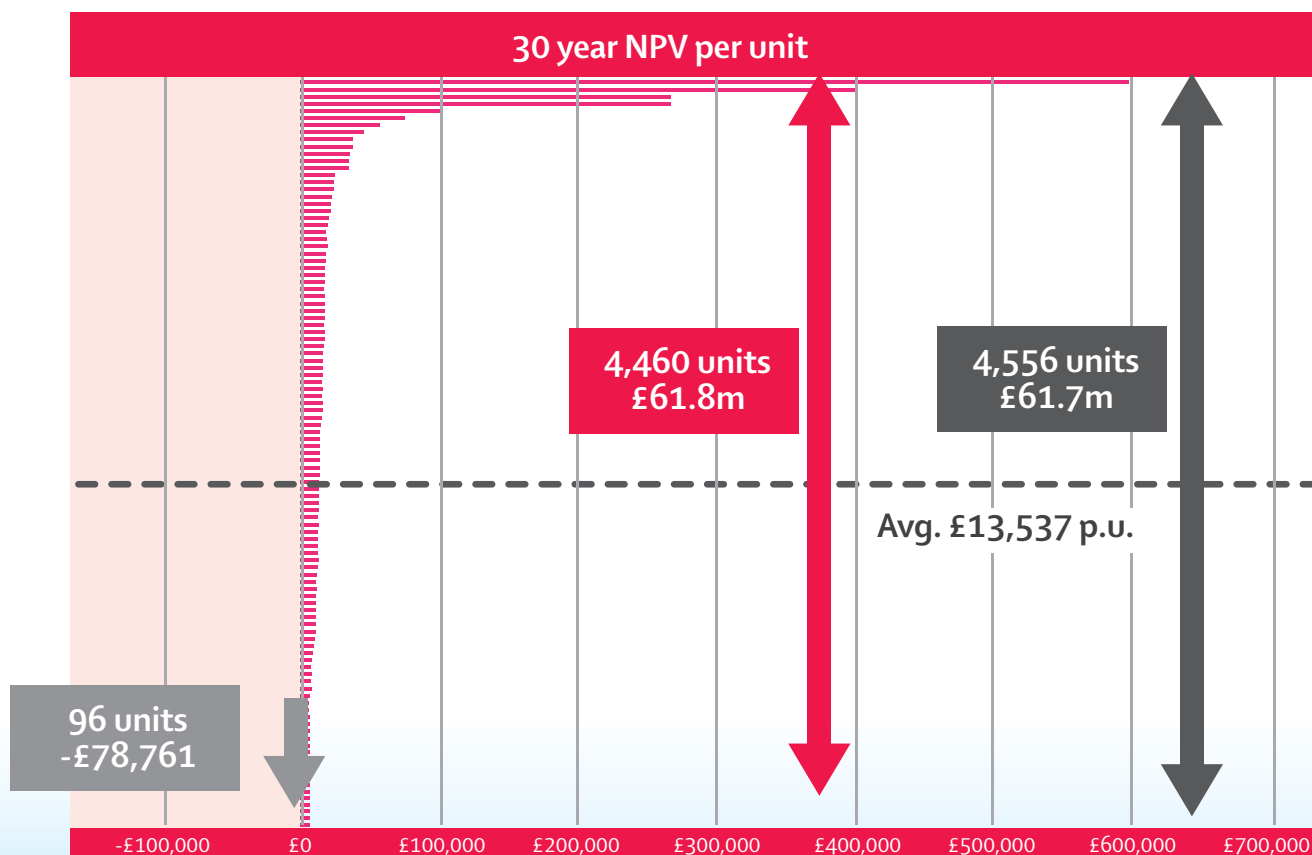
Working alongside Savills - who are specialised asset consultants - we undertook a full review of the financial performance of our homes in 2016/17. The 30 year average Net Present Value (NPV) per unit was £13,537 (against a benchmark within the region of £18k - formulated before the rent reductions).

- There were 96 units in asset groups with an average NPV per unit which is negative.
- The majority of stock (73%, 3,336 properties) was in asset groups that have marginal cashflows with an average NPV of below £15,000.
- A quarter of the stock (25%, 1,124 units) were in asset groups that have NPVs which are above £15,000 per unit representing relatively strong financial performance over the long term.

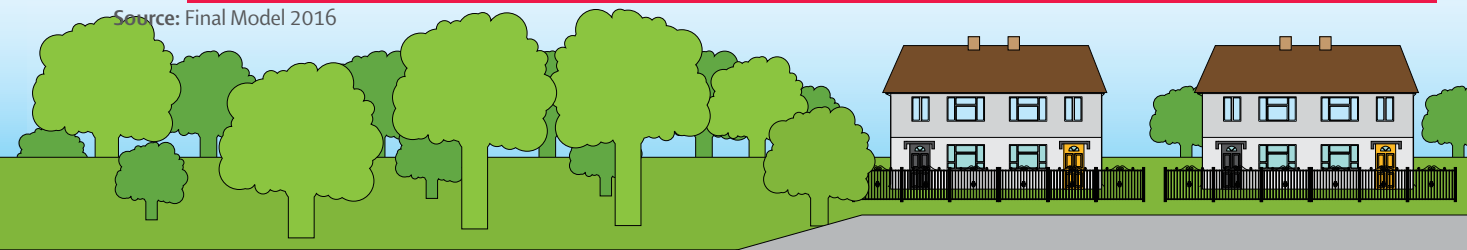
30 Year NPV Per Unit	Performance Description	No. of Units	% Units	Total 30 year NPV	NPV per Unit
Below £0	Poor	96	2.11%	-£78,761	-£820
£0-£15,000	Marginal	3336	73.22%	£34,668,285	£10,392
Above £15,000	Good	1124	24.67%	£27,087,102	£24,099
Total		4556	100%	£61,676,626	£13,537

Overall performance was marginal with the majority of the stock in asset groups with an NPV between £0 and £15,000. This reflects the environment and housing market in which Calico operates. The proportion of assets with marginal cashflows reflects the fact that average rent levels are low compared with more active housing markets, and in addition the required reductions in social housing rents are reducing income further.

NPV Range - Calico managed stock overall



Source: Final Model 2016

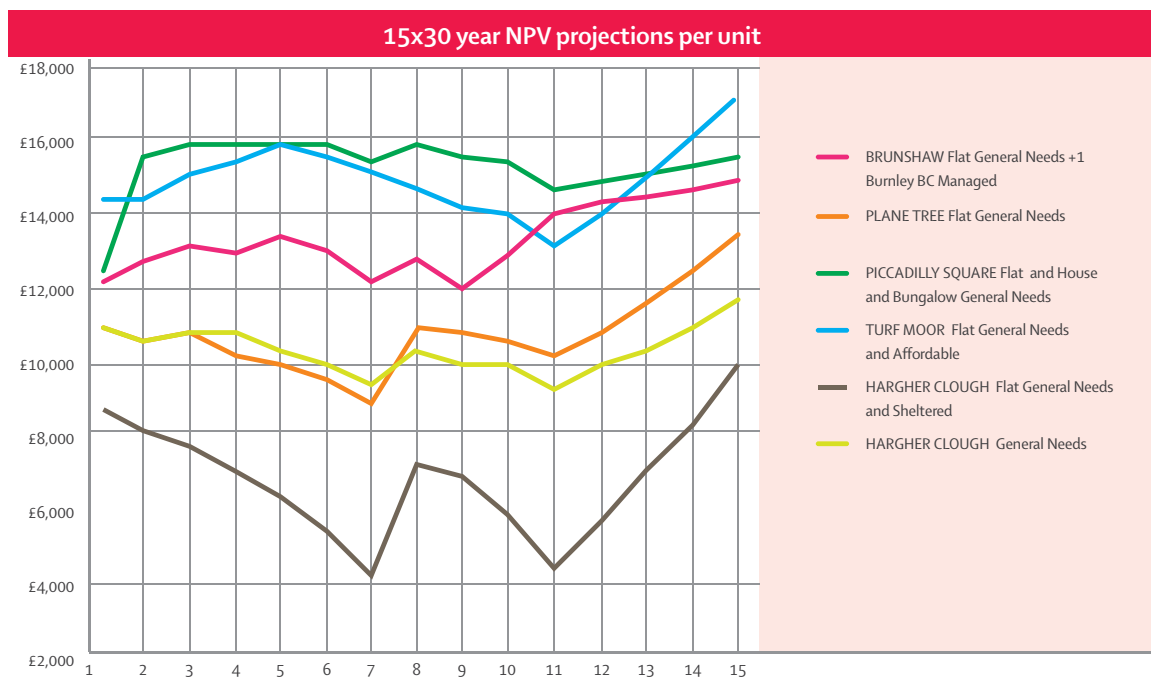


Since the completion of the financial review, and launch of our Asset Performance Evaluation model, we have made progress against our action plan (which was approved by Homes Board):

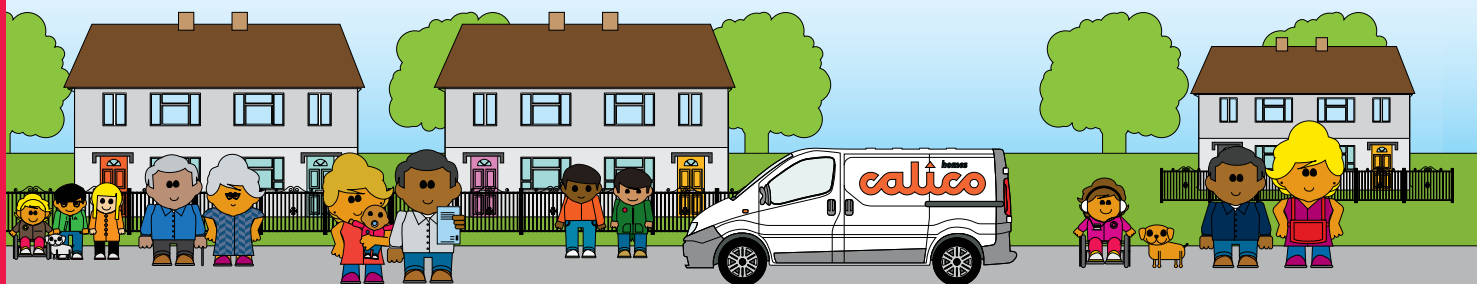
- We have reviewed our Investment Strategy and Programme which includes smoothing, to improve cash flow and therefore Net Present Value in the medium-long term. This has been done through data cleansing and our on-going property MOT programme and will also be reviewed at the point of Stock Condition in 2018/19
- We are considering options for sheltered schemes/stock which are performing poorly, which has informed a strategic review of our Sheltered accommodation provision
- We are reviewing asset groups in the 'marginal' category with declining NPVs over the course of the business plan, with an initial focus on those with declining NPV after the four year rent reduction period (this review is underway)
- We have reviewed asset groups scoring poorly against NPV and sustainability criteria. One of which, Viking Place, is a sheltered scheme which is being considered as part of the wider strategic review of our sheltered accommodation. We continue to consider options for the other, Turf Moor flats.
- We have completed an options appraisal of the asset group with poor NPV performance and high Open Market Values and will convert these properties to market rent at the point they become void.

Additional to the action plan, we have updated the Asset Performance Evaluation model to incorporate revised business plan assumptions and smoothing of our investment programme. As a result, the 30 year NPV per unit has increased and performance of many asset groups, within the period of the business plan is projected to improve, rather than decline.

This chart shows the future NPV projection for the poorer performing asset groups:



The model previously anticipated that the NPV of the majority of asset groups would decline into negative values at varying points over the next 15 years. As a result of smoothing of our investment programme and incorporating our revised business plan into the model, performance is now projected to improve. Planned capital expenditure for Brunshaw, Piccadilly Hargher Clough and Turf Moor is relatively high in comparison to some asset groups, which is a driver for lower NPVs than other asset groups.



We will continue to deliver the Asset Management action plan, performance against which is reported to Board. Going forward, this includes:

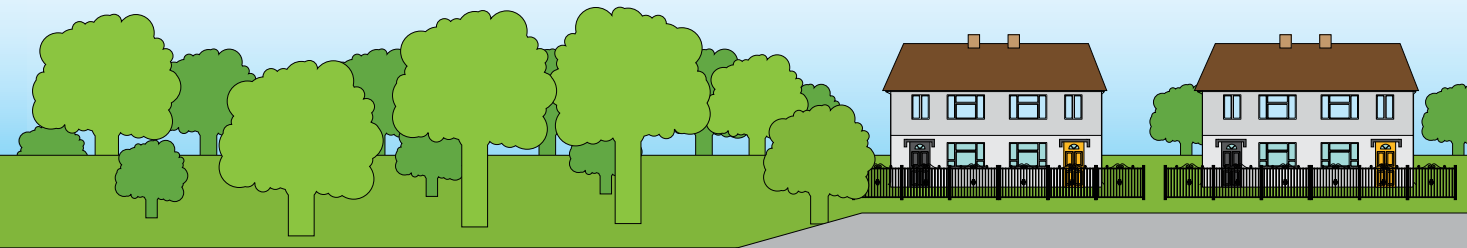
- Continue to review asset groups in the 'poor' and 'marginal' categories, with declining NPVs over the course of the business plan
- Continue to review asset groups scoring poorly against NPV and sustainability criteria
- The Supported Housing Properties with high NPVs need consideration. A possible strategic decision will be required about the level of expenditure to support their high value and deliver objectives to the specific needs groups
- Calico Homes properties leased by Acorn and SafeNet also need consideration to ensure data accuracy and review income arrangements to Calico Homes
- Consider the asset groups most at risk from competition from the private sector
- Develop stronger links between our Development and Asset Management Strategies.

Repairs and maintenance

Our repairs and maintenance service continues to perform strongly when compared to other similar organisations. However, we have identified that our costs are higher than others in our peer group.

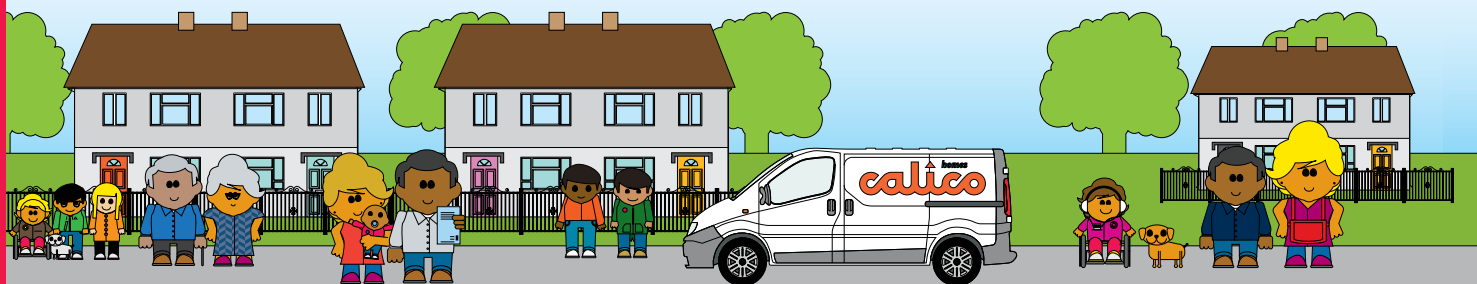
Repairs - Costs

Measure	2014/15	2015/16	Median	Benchmark Comparison	Trend	Comments/Actions
Total CPP of Responsive Repairs & Void Works	1009.05	967.70	£810.44	Middle – Lower Quartile	Improving. Costs are decreasing more quickly than majority of the peer group	Action taken through the efficiency programme to reduce repairs costs further will reflect in 16/17 and 17/18 benchmarking figures.
Total CPP of Responsive Repairs	£579.46	£548.53	£481.26	Middle-Lower Quartile	Improving.	Action taken through the efficiency programme to reduce responsive repairs costs further through reduced service and management costs will reflect in 16/17 and 17/18 benchmarking figures.
Total CPP of Void Works	£429.59	£414.62	£342.28	Lower Quartile	Improving.	Action taken through the efficiency programme to reduce void service costs further will reflect in 16/17 benchmarking figures.



Responsive – Performance

Measure	2014/15	2015/16	Median	Benchmark Comparison	Trend	Comments/Actions
Average cost of a response repair	108.21	£96.85	£97.35	Middle-Upper Quartile	Improving and performance is better than the peer group median	Outperforming benchmark median. This will improve further as a result of the efficiency programme.
Average number of calendar days taken to complete repairs	6.40	6.17	7.80	Upper Quartile	Improved and performance is better than the peer group median.	Outperforming benchmark median.
Percentage of repairs completed at the first visit	98.3%	94.4%	93.3%	Middle - Upper Quartile	Declining, although performance remains better than the peer group median.	Outperforming benchmark median.
Satisfaction with the repairs & maintenance service (%)	84.9%	85.1%	85.7%	Middle-Lower Quartile	Improved and performance is better than the peer group median.	Improving. Performance trend is middle-lower quartile compared to peer group



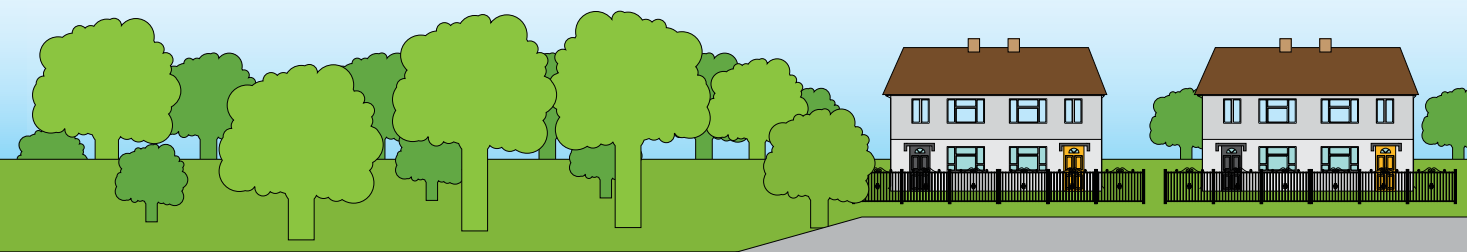
Compliance - Performance

Measure	2015/16	2016/17	Median	Benchmark Comparison	Trend	Comments/Actions
Percentage of properties with a valid gas safety certificate	100.00%	100.00 %	100.00 %	Upper Quartile	Consistent. Performance is consistent with the peer group median.	Consistent with benchmark median.
Percentage of stock where asbestos surveys have been completed	62.50%	70.30%	63.08%	Upper Quartile	Improving and better than the peer group median.	This has increased to >70% as at 31/03/17, bringing us well above the benchmark average.
Percentage of stock with a current electrical periodic inspection	93.5%	94.26%	85.64%	Upper Quartile	Improving and better than the peer group median.	We have recently brought this in-house to increase efficiency and the dedicated resource will improve performance.
Percentage of stock where a fire risk assessment has been carried out	100%	100%	92.83%	Upper Quartile	Consistent.	-
Percentage of stock which complies with Legionella Regulations	100%	100%	99%	Upper Quartile	Consistent.	-

Our budget reduction programme and efficiency targets will improve costs into the future and this includes; staff reduction programme through natural turnover, service review, restructure and re-negotiation of our materials supply arrangements.

We have made a number of procurement savings:

- A reduction in Strategic Pre-lims in our contract with Ring Stones will create savings of £26K per annum
- Renegotiation of our materials supply contract fees, realising savings of £31K per annum
- Review of our Disabled Adaptations service will realise savings in the region of £22K per annum
- Asbestos contracts have been re-tendered, saving approx. £24k this financial year.
- Energy Performance Certificates are now completed in-house, which has resulted in savings of approx. 10k per annum.
- Periodic electrical testing has been brought in house, realising a saving of £7K in 2016/17..
- Renegotiation of boiler prices will enable us to reinvest £8K of savings per annum back into our investment programme
- Review of our damp processes will realise savings of up to £6000 per annum.



Property Services Repairs

Reduction in Avoidable Contacts (Chase Up Calls)

% of Avoidable Contacts	14/15	15/16	16/17
Responsive Repairs	14%	8.5%	5%
Voids	36%	24%	16%
Gas	14%	9.6%	8.4%

Overall avoidable contacts through the Contact Centre have reduced from 8% in 15/16 to 5% 16/17. Over a 2 year period avoidable repairs related calls have reduced by 2,612 calls a year.

The relevant repairs Managers/Supervisors have worked closely with the Contact Centre to understand why customers were calling our contact centre. Actions have then been implemented to address the reasons for call:

- Confirming appointment timescales at point of call
- Contacting customers in advance where appointments are changed
- Improved texting service
- Advising customers of the process should additional repairs work be required

The results are:

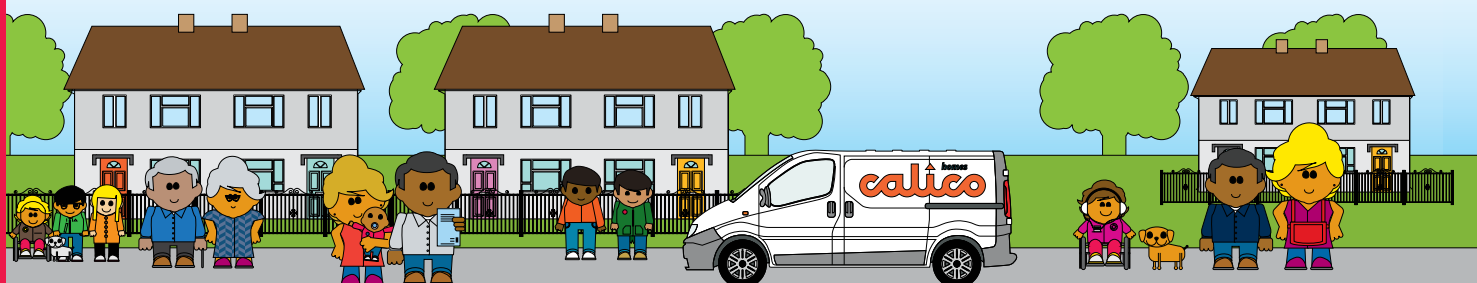
- Improved customer communication and service as customers aren't having to contact us for information
- Less calls to the contact centre, contact centre have reduced their overall costs

During a recent forum with customers, they gave an average score of 4.6 out of 5 (92%) for the repairs service.

Managing void properties

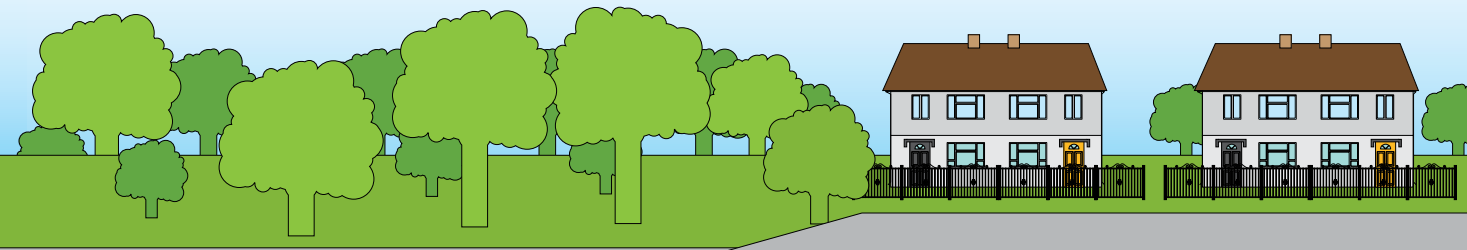
Void property performance has improved overall over recent years, realising increased income and reducing the associated expenditure of this activity.

Measure	Year end 2014/15	Year end 2015/16	Year end 2016/17	Target
Vacant homes (available)	99	65	90	80
Vacant homes (not available)	14	30	9	-
Total vacant homes	113	95	99	80
Rent lost through properties being vacant	2.39%	2.38%	1.75%	2.00%
% tenancies sustained for at least 12 months	80.75%	84.27%	82.56%	83%



- As at 31st March 2017, there were 99 void properties in total, compared to 113 at year end 2014/15, an overall trend of improvement.
- Void re-let times have improved from 36 days in 2015/16 to 26 days in 2016/17, within our target of 28 days. Whilst they have improved, re-let times continue to be a priority improvement area in 2017/18. Achieving rent loss of 1.75% for 2016/17 against a business provision of 3% realised an income of £140K above the amount assumed in the business plan.
- Our Tenancy Sustainment Strategy, approved by Calico Homes Board outlines our aims and objectives for providing a flexible offer to customers.
- The voids process management module within our housing management system has now been implemented and enables us to streamline the voids process and identify opportunities for increased efficiency and productivity.
- Achieved £206K reduction in the “cost of voids” to support the efficiency programme, exceeding the 2016/17 target.

Measure	2014/15	2015/16	Median	Benchmark Comparison	Trend	Comments/Actions
Rent loss due to empty properties (voids) as % rent due	2.88	2.38	0.86	Lower Quartile	Improving and trend is top quartile in comparison to the peer group	Significant improvement has been made and, as at year end 2016/17, performance had improved to 1.75% which will be reflected in benchmark figures for 2016/17.
Average cost of a void repair	£2,904.90	£3,137.44	£3,368.28	Middle-Upper Quartile	Consistently M-U quartile performance and performance is better than the peer group median	Action taken through the efficiency programme to reduce void service costs further will reflect in 16/17 benchmarking figures.
Average re-let time in days (standard re-lets)	28.26	36.00	22.18	Lower Quartile	Declining and lower than the peer group median.	Significant improvement has been made and, as at year end 2016/17, performance had improved to 26 days. This will remain a priority focus for further improvement in 2017/18.



Next steps

We will continue to focus on void property management through our Voids Action Group. The continued focus for the next twelve months will be to improve re-let times and to address the cost per void property. The actions include:

- Revising void categories and repair turnaround targets to minor (five days) and major (15 days).
- Reviewing our approach to allocations, and exploring options that will allow us to use a range of methods to broaden our customer base and help us to offer a greater number of market rent tenancies.
- Focussing on phase two of the voids process management module within our housing management system.
- The Tenancy Sustainment team will continue to review the impact of the Local Housing Allowance cap to understand which customers will be affected, to help us provide relevant support to customers.

Investing in properties

In 2016/17, we spent a total of £3.5M investing in our properties on the following work streams: Phase 3 of the ECO (EWI) programme, for which we achieved external capital funding of £618K; The Brunshaw Improvement Programme; Damp programme; Boiler Upgrade programme and Roofing repairs.

We also invested 97K completing disabled adaptations to our current customers' homes enabling them to remain in the property whilst improving their quality of life. A further £103K was invested on asbestos surveying and removals, ensuring a safe working & living environment for staff, contractors & customers.

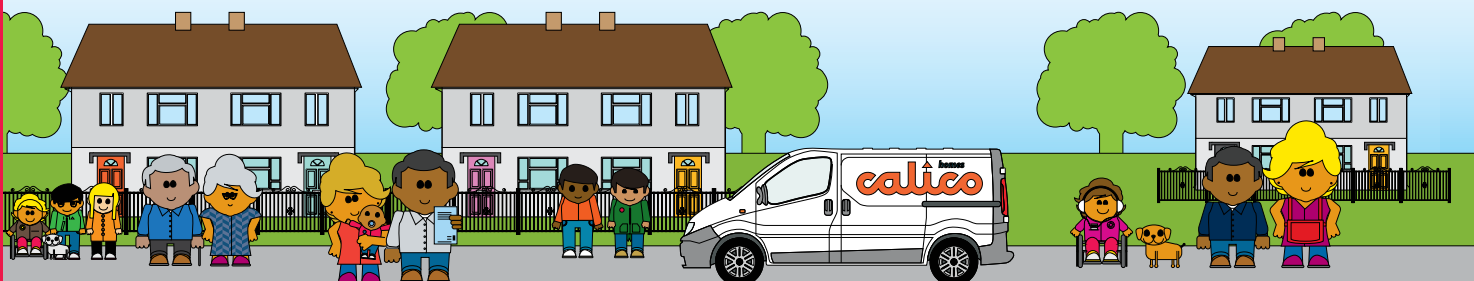
Despite the challenges we face around creating efficiencies, the Calico Homes Board have decided to continue our planned level of investment in properties throughout the life of the business plan.

Works to be undertaken in 2017/18 include:

- Brunshaw Improvement Programme
- Boiler Upgrade Programme
- Damp works
- Aids and adaptations
- Roofing
- Asbestos removal and surveys.

External Wall Insulation (EWI)

- 447 properties received EWI on this on this programme with PV across Belvedere, Turf Moor and Burnley Wood.
- Properties identified are classed as 'hard to treat', so have poor insulation.
- The works save customers between £150-£300 per year on utility bills, depending on their property size, and the SAP rating has increased to 69.5 and should increase to 71 once works are complete.
- This is a £2.8 million programme, with £618k funding obtained from British Gas, who will complete the works in partnership with Ring Stones. We have installed EWI to over 1500 properties through this scheme.



Delivery of Rossendale Project

Calico Homes took on the management of 200+ properties from Rossendale Council that were previously empty homes.

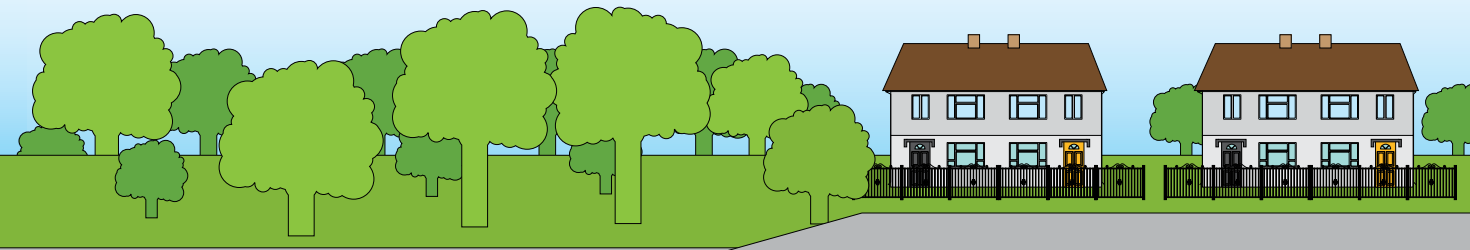
This has been delivered through current resources within the team resulting in reduced overheads for Property Services as costs have been recharged to the Rossendale project.

The transfer has involved close partnership working with teams within Calico Homes e.g. Property Services, Finance and Neighbourhood Management to ensure that the smooth delivery of the service to customers. The teams have had to work closely with Rossendale Council and the property owners to ensure the smooth transition to Calico Homes.

Calico Homes are now responsible for delivering a full tenancy management and repairs service to the tenants ensuring properties are maintained and meet regulatory compliance.

36 refurbishment properties have been completed with our in house contractor Ringstones generating income in the region of £800K which has also had a positive impact on the local economy through the use of local suppliers and labour.

Calico Homes involvement has resulted in an improved service to our new customers.

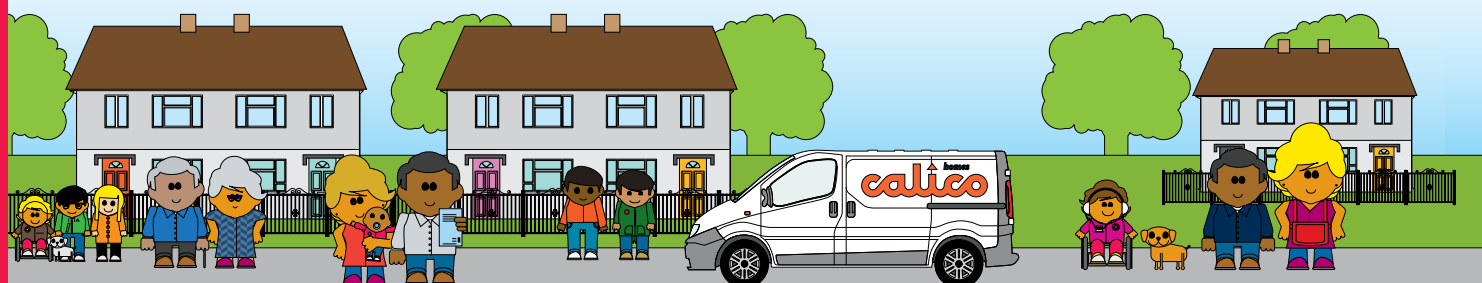


Value for money partnership with Ring Stones

In September 2011, when Calico Homes had the role of Group parent, the Board approved the launch of a joint venture partnership which was set up to deliver property investment and new-build services. The joint venture – Ring Stones – was established in June 2012 in partnership with HT Forrest and Ring Stones is now 100% owned by Calico since August 2015. The joint venture aimed to respond to the increasing cost of this type of work within the external market by:

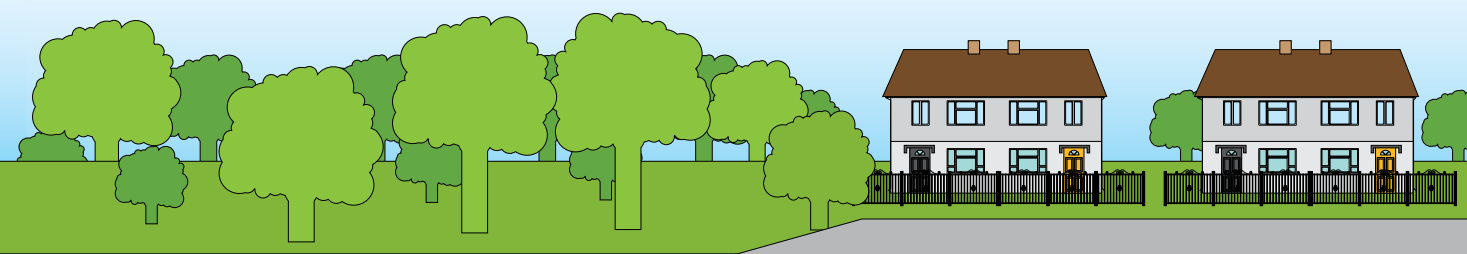
Aim	Result
Delivering VFM through VAT savings	2015/16 £200k VAT savings on labour and £35k VAT savings on surplus achieved. 2016/17 £234K VAT savings on labour.
Reduced tendering costs, procurement and material costs	All development and investment work has been allocated without any tender exercises (excluding Whitworth and ECO phase 1) resulting in £40k salary cost savings.
Sharing of corporate services	2015/16 £123k contribution to Calico Homes. 2016/17 £350k contribution to Calico Homes.
The opportunity to re-invest surpluses back into Calico	2014/15 - £293k (51% share) re-invested into Calico Enterprise and SafeNet and 2015/16 - £174k (100% share from August 2015) used to purchase Forrest share of Ring Stones.
Set up and establish procurement frameworks	New frameworks for materials and labour, to result in a 5% cost of sales saving, plus significant social profit increments, due to high number of local contractors.
Integrated processes	Improved control on procurement transactional processes, with a focus on waste and ordering 'what you need' with sufficient lead time to get better deals.
Develop standard house types	Ongoing salary savings through standardisation of development house types resulting in not having to constantly procure projects, projected saving of £3K per project resulting in a saving of £18K in 17/18.
Introduce standard systems	Evaluate, Construct, Sage, to improve transparency, accuracy and management information on projects.
Introduction of standard preconstruction processes	Formalise processes around design, planning and pre-construction that will drive savings through lead time improvements, procurement and value engineering, all of which are embedded into the processes.
Reduction in waste	Focus on site waste and waste management, using site managers and management information from systems.
Distribution of prelim costs	Moving larger regeneration projects into regeneration team to help reduce strategic preliminary costs for Homes.

When Ring Stones was set up in 2012, a key focus was around providing value for money to Calico Homes. It is evident that, as Ring Stones has continued to mature, value for money has been achieved in a number of areas which can be evidenced through external benchmarking and internal customer satisfaction.



Annually, Calico Homes undertake a Value for Money self-assessment of Ring Stones, which is reviewed by Calico Homes Board. The provides Homes Board with assurances that decisions Ring Stones make about both internal and external activities, prioritise Calico Homes' best interests above those of the Group. The self-assessment process involves a review of progress made against our Ring Stones value for money action plan:

	Actions	Date
1	Review approach to contracts (Head of Development) - Review four year development framework between Calico Homes and Ring Stones - Embedding of the PPC2000 contracts	On-going
2	Review of work streams (Head of Property) - Review electrical testing work – currently completed by Ring Stones but intend to bring in-house - Review damp work – currently completed by Ring Stones but due to reducing demand, this will be more efficient to complete in-house. Expenditure will reduce from £600,000 (2015/16) to £300,000 (2016/17) - Planning and negotiation of costs for 2017/18 investment programme	Completed Completed Completed
3	Benchmarking (Head of Finance) - Benchmarking of Calico Homes' costs via HouseMark - Comparison between the margin charged on work for Calico and external work won competitively - Review of HCA Global cost information	On-going On-going On-going
4	Continual Improvement (Head of Property) - Internal process and procedure review within Ring Stones focusing on creating efficiency - Continuing Ring Stones business growth to realise reduced overheads to Calico Homes. Ring Stones target to increase external work to £1.5m resulting in reduced cost of staff prelims/overheads for Calico Homes - New Procurement Manager to implement effective procurement processes and building of supply chain relationships - New Design Manager to drive early stage design to realise cost savings	Completed On-going – to be reviewed annually Completed Completed
5	Organisational Development (Executive Director of Calico Homes and Ring Stones) - Re-investment of surplus at year end, should this be reviewed and a calculation be agreed that returns a certain amount of profits to Calico Homes. - On-going work to develop culture and employee engagement within Ring Stones increasing productivity and reducing costs of recruitment	On-going On-going
6	Social Profit (Executive Director of Calico Homes and Ring Stones) - Social profit accounts for Ring Stones to be produced	August 2018
7	Annual Review - Next annual review to Calico Homes Board	August 2018



Property Development

The Calico Group Development Strategy supports the Group's growth ambitions through a programme of new-build property development, acquisition and refurbishment projects.

The 2016-2020 Development Strategy aims to capitalise on the company's achievements to date and ensure that our approach is informed, robust and flexible to enable Calico Homes and other Group companies to respond appropriately to the housing market and the needs of its customers.

This Strategy aims to maximise Group resources and sets out how we will continue to develop affordable housing options in a challenging environment of low grant rates, rapid changes in legislation and increasing customer expectations.

Furthermore, the strategy links with Group strategies to ensure financial viability within its neighbourhoods and considers the need to cross-subsidise developments to ensure affordability not only for our customers, but to create financial stability within Group Companies business plans.

Growing our number of assets is a key corporate plan and growth target for Calico Homes. . We have increased our loan facility by an additional £30m, which will enable us to deliver our largest development programme to date. By 2020, we will have increased our property portfolio by 10% and will have diversified our activities into care, different types of supported housing and other tenure types, such as shared ownership or rent to buy.

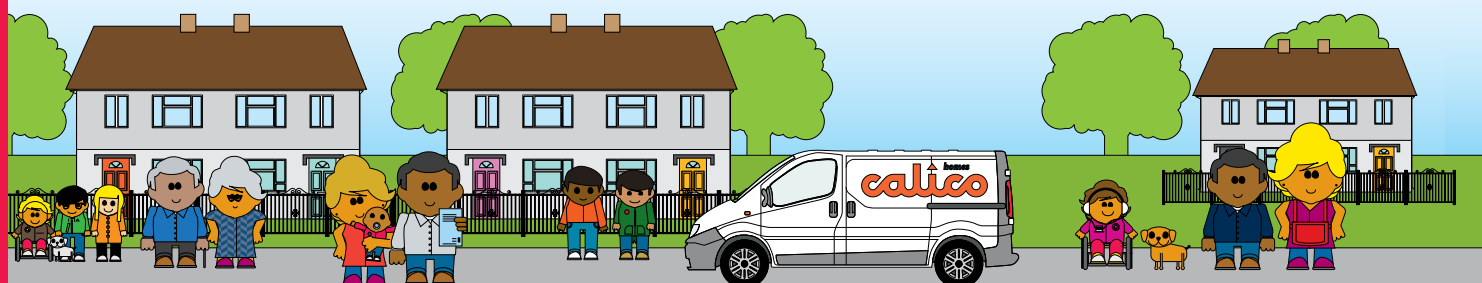
New developments now in work or recently completed include:

- A high-quality housing development on Pomfret Street and Blannel Street in Burnley, with 22 brand new houses and bungalows for rent, responding to local need and improving the overall look of the neighbourhood.
- A new state of the art, 28-bed, two-storey facility to replace the existing service at Sunnyside Rest Home in Whitworth, and will provide vital residential and dementia care.
- Gateway, a new, state of the art wellbeing project and replacement scheme for Elizabeth Street in Burnley which will provide support and training to homeless and vulnerable people.

Performance against Business Plan

- The latest plan to deliver 429 new units is well under way and we have identified new sites that will allow us to complete our development programme. Within 2017/18, we will be spending £19m to provide a number of sites for sale, rent, and supported housing.
- 107 units have already been completed and the remaining 322 units will be delivered in 2017/18 (60 units), 2018/19 (183 units) and 2019/20 (79 units).
- Our commitment to delivering the HCA programme includes Melrose Avenue which is on site and will complete the 31 units within the Affordable Homes Programme 2015-18.

Within the Homelessness for Change programme, funded by the HCA, we have completed one scheme (Jane's Place, a complex needs recovery refuge for SafeNet) and have commenced the second scheme (Gateway, the replacement scheme for Elizabeth Street), which will complete, as scheduled in 2019. In addition, new funding bids are being prepared for these schemes to ensure they are viable and present the best value for money.



5 ADDED VALUE AND SOCIAL PROFIT

Because Calico aims to create social profit, we're working to improve people's quality of life – reducing the likelihood of them being in poverty, unemployment or ill health. We believe that investing in the community delivers a much greater return on our investment by creating sustainability and reducing the long-term costs associated with poverty and deprivation.

Our growth strategy is designed to harness the strengths of our unique group structure (see GROUP STRUCTURE section). Not only will we positively impact on the lives of our customers, and the wider community, but we will achieve value for money through shared efficiencies and savings to the public sector.

Below are a number of examples which demonstrate how we add value into people's lives beyond the basics of service provision.

Calico Interiors

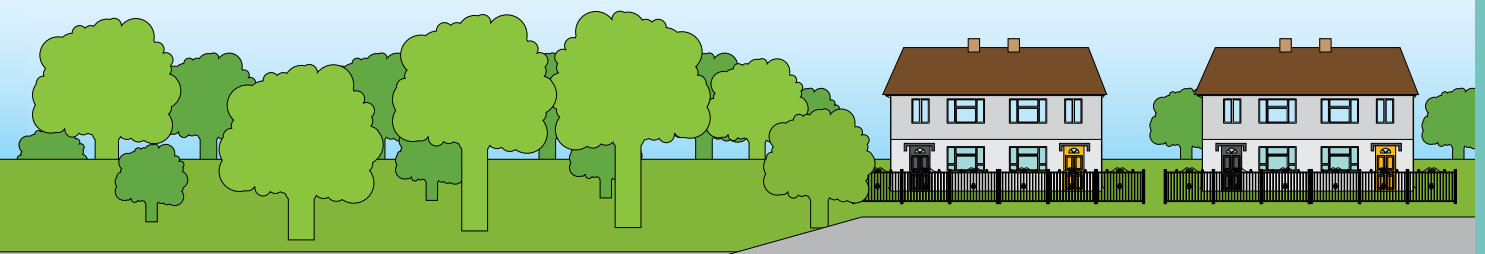
Calico Interiors has employed 20 staff in 2016/17. 13 of these are apprentices (65%) and 100% are from Burnley. Work has been contracted to 4 local ex-apprentices that have set up their own business together, in order to support them in their self-employment.

- 97% of employees are from a diverse background, this includes ex-offenders; disabled; BME & NEET.
- 95% of apprentices that have left, have completed their apprenticeship and moved on to sustainable employment
- The service has offered placements and work experience opportunities to 4 individuals, supporting them to improve their employment prospects.
- 95% of customers have been satisfied with the service that they have received.
- 279 Calico properties received decoration from the service

Clearance & Clean

The Clearance and Clean team has employed 8 staff in 2016/17. 100% were unemployed prior to commencing work with Calico Enterprise. A further 5 staff have worked temporarily for the service on a casual contract, supporting the service in times of reduced capacity and high volumes of work. Again, 100% were unemployed prior to commencing work with Calico Enterprise.

- 92% of the workforce are from Burnley.
- A further 5 individuals have undertaken placements or work experience opportunities with 2 of these securing employment as a result.
- 100% of those staff that have left have moved into sustainable employment elsewhere.
- The service has cleared 443 clearances and 501 cleans in 2016/17 for Calico Homes. They have also treated 34 properties for pest infestations.



Constructing the Future

Constructing the Future provides high quality apprenticeships in construction. 91% of staff and placements have seen an improvement in their wellbeing as a result of their employment or experience with Calico Enterprise.

- Currently, CtF has employed 55 apprentices, 100% of whom were from disadvantaged groups and were previously NEET.
- CtF has recently expanded into Merseyside and Cheshire.

Calico Careers

Calico Careers provides a range of employment and skills support, and a traineeship programme to help individuals into employment, apprenticeships or further education. These services are targeted at the areas in which Calico Homes works to support the community and reduce worklessness which, in turn, has an impact on tenancy sustainability and rental income.

In the last financial year:

- 125 people have accessed our Skills and Enterprise training programmes
- 86% have achieved programme outcomes
- 64% of those are either now in an apprenticeship, or have since gone on to jobs or training
- 85% of people who have accessed our Skills and Enterprise programme are from diverse backgrounds
- 103 people have accessed our training courses
- 40 People have accessed work experience
- 121 Have accessed IAG appointments

Case Study

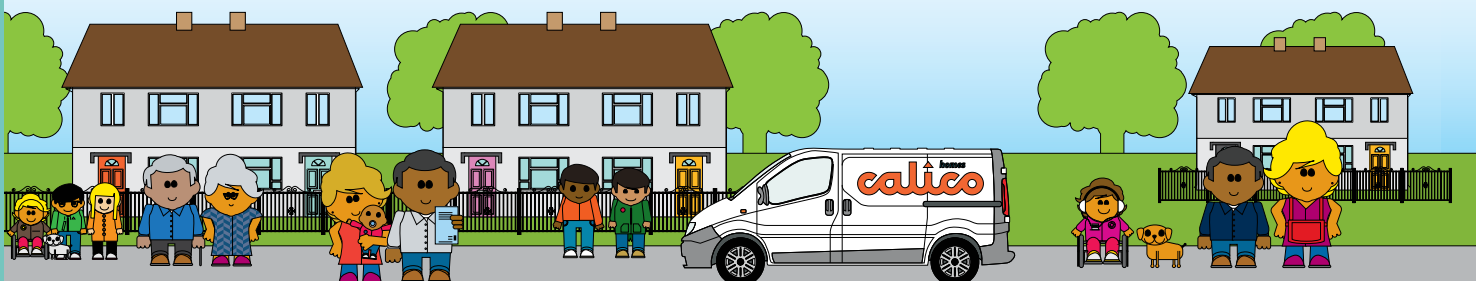
One customer served 12 months in prison and lived in our Elizabeth Street Project on two occasions. He was involved with the Princes Trust and was living in one of our flats in Brunshaw, supported by Floating Support. He spent a number of months volunteering with Caretaking team and eventually secured a full-time apprenticeship with our Horticulture team. As a result of his apprenticeship, he now has a permanent tenancy and is living and being supported by Calico Homes. We've also donated a mobile phone and, through our help, he has been able to access a food bank, and his gas and electric bills are being topped up until he receives his first wage.

Independent Living Service

This service has had an excellent year around performance, mainly:

- 400 hours of volunteering across the service helping to add value by reducing isolation and the setting up social events and groups.
- Service Utilisation stands at 96.36% against a target of 90%.
- Customers supported to remain living independently stands at 99.44% against a target of 98%.
- 94% of customers have a personalised support plan established within 2 weeks of move in
- The first long term complex case taken on signifying the start of diversifying the range of customers we can support

This year has seen the one of the highest levels of efficiencies secured against a backdrop of greater outputs. Efficiencies have been secured within service ahead of schedule that enables the service to manage without Supporting People funding.



Staffing has been reduced by seven posts within the service and salaries benchmarked to ensure equity as part of a full structure review, including:

- Removal of two Independent Living Officer posts
- Removal of Telecare Officer Post
- Removal of Extra Care Officer Post
- Removal of Contract Coordinator Post
- Removal of Assessment Coordinator Post

To enable reduced staffing levels a streamlining project has been underway to ensure paperwork and processes become more proportionate and efficient. Streamlining initiatives have included:

- Review and reduction of volume/frequency of meetings held
- Review of support planning process for customers
- Reorganisation of the electronic shared area to make finding data easier
- Removed any duplicate paperwork

Alongside the efficiencies staff have identified ways of working with high level support customers who are in need of additional support to have a better quality of life. Engagement activities, such as knit and natter groups, are providing valuable support for vulnerable customers.

The efficiencies secured have ensured the protection of a vital service helping over 1000 of Calico's most vulnerable customers live independently. Despite these challenges the service has gone on to identify that by using its expertise it can provide help to those currently excluded by being more dynamic about how it delivers support.

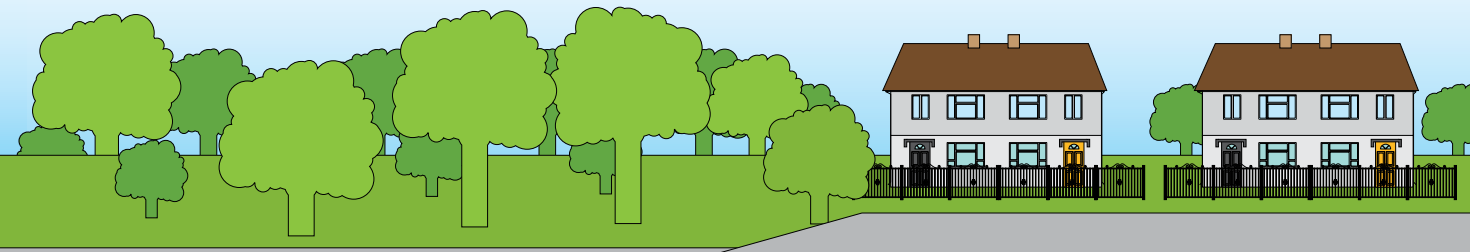
Whitworth Care

This year, the Care Quality Commission did not inspect the service so the rating remains as per 2015 as good, with the required improvements identified in the area of safety now fully met.

Customer satisfaction is currently at 96.5%, which evidences that customers are satisfied with the services they receive. Two areas highlighted for improvement during 15/16, were social activities and catering. As a result we have revised how we deliver social activities and there is a more structured approach to delivery. Activities taken place throughout the year have included vocalists, movie nights, themed events, i.e.: Halloween, bonfire night, as well as meaningful activities for each individual customer. We have reviewed our catering provision and there is now a new catering service delivered in house, which is providing a more tailored service to all customers based on their needs and wishes. Due to the response to customer feedback, we received numerous compliments about the services delivered at Whitworth.

Work is currently underway for our new 28 bed, two-storey facility providing both residential and nursing care, which will replace the existing care home on Market Street in Whitworth.

Calico's vision for Whitworth Care is to improve service provision for the people of Whitworth and surrounding area and to enable services to be financially viable in the long term. It is acknowledged that until the new development is operational, the current service will continue to run at a deficit, although effective budget management has resulted in the actual deficit during 16/17 being reduced against the forecasted deficit.



In terms of the staff team, the training plan has been fully achieved helping the team deliver a higher level of service, giving them greater knowledge and skills. Whitworth Care has improved our best companies score this year making us the highest scoring level 1 company. We won the MAD award for Care and Support Team.

Whitworth Care gets involved in lots of local activities, particularly those pertinent to our service, and during 16/17 successful events included a Dementia Tea Dance and Dementia Memory Walk – both of which raised funds for our own customers as well as providing donations to the Alzheimer's Society.

The service has benefitted from an increase in volunteer support during 16/17 including the delivery of social activities, health and wellbeing initiatives, as well as offering opportunities for others to develop their strengths and skills wanting to grow in this area of work. Volunteer support includes support from customers using their skills, to keep active and still feel like they have a role to play / purpose. Support includes helping out around the home with local handyman tasks, including preparing hanging baskets and painting the garden furniture.

Whitworth Care facilities are seen as a valued part of the community and we support a range of local groups by offering our facilities for their use, in return for a small contribution back into our service. The contributions received enable us to enhance the services we deliver further by providing support to increase / widen the social events we hold. Group that we have supported include a local dance group, arts and crafts groups, a keep fit group and a local choir. The benefits this has had to the residents includes purchasing of DVDs, sing-along CDs and dementia products, as well as the delivery of arm chair exercises from the keep fit group to further support our residents wellbeing.

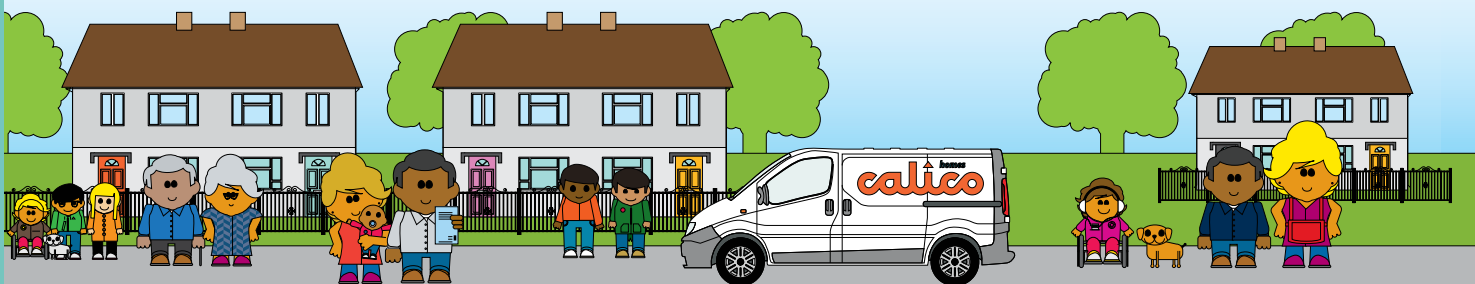
Benchmarking throughout the year has been around the new development (so visit to other successful developments to adopt approaches into our new development).

Ring Stones

Through our work with Ring Stones Maintenance and Construction, we have created the following apprenticeships for 2016/17:

- 15 Apprentices at a cost of £86,000.

Based on our Social Profit calculations, for every £1 Calico Homes invests in Ring Stones projects, £2.01 is reinvested in our communities as Social Profit.



Annabelle Robinson

Annabelle Robinson is an 18 year old apprentice who came highly recommended to The Calico Group from Nelson and Colne College at the age of 17. She had completed a Level 3 BTEC Business Studies Extended Diploma, and had achieved the highest grade possible.

Annabelle commenced employment with Ring Stones Maintenance and Construction – part of The Calico Group – in June 2016 as a Business Administration Apprentice within the Finance department.

Before joining The Calico Group, Annabelle had no experience of the working environment. She had little confidence and was reluctant to undertake basic administrative tasks, in particular communicating with colleagues and external partners.

Prior to Annabelle commencing her employment, Ring Stones had a large number of invoices requiring payment outstanding. Not only did Annabelle significantly reduce this number, resulting in suppliers being paid to terms and improved relationships, she also identified the root cause of so many invoices being in dispute.

A big issue was a lack of proof of delivery notes, and Annabelle took responsibility for addressing these issues by spending time with managers and operatives, training them on the goods receipt process. This has paid dividends and resulted in a 30% improvement of delivery notes being returned to head office for processing over a four week period.

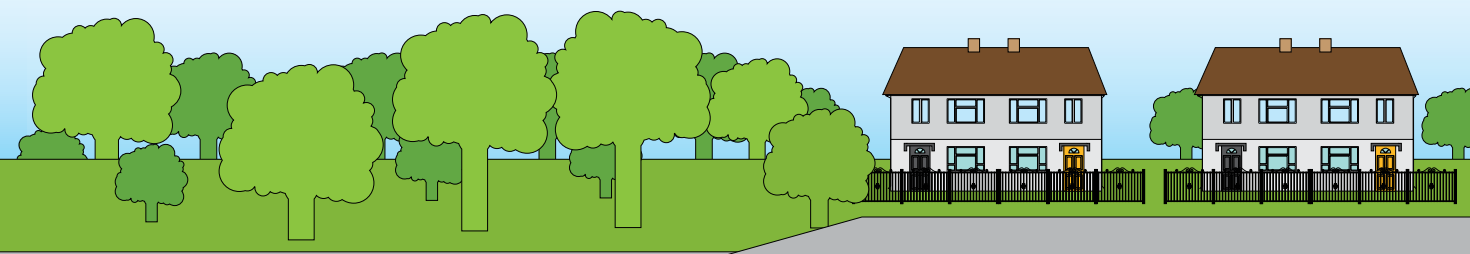
Annabelle is the named point of contact with suppliers, and an integral member of the purchase ledger team. As a business, we have a structured and supportive training and personal development programme. Annabelle's line manager has created an environment where she always feels welcome to ask questions, or to seek clarity on any element of work she is tasked with.

Passionate about customers

In 2016/17, we trained a further 250 staff in the Mary Gobar 'Be the Best You Can Be' Passionate About Customers tools. The training cost Calico Homes £31k, but has already reduced avoidable contacts from 11% to 5%, making an ongoing saving of £15k a year.

- A new Calico Group approach to complaints has been identified that focusses on doing the right thing, rather than following rigid processes.
- 89% of customers are satisfied with the overall service we provide and our net promoter score is 35, both of which are second quartile positions.
- 93% find our staff helpful and friendly compared to 91% in 2015/16.

We have completed a customer profiling project, which has provided us with detailed information about our customer segments and our customers' consumer habits and preferences relating to paying rent and digital access. 88% of our customers use the internet every day, but only a small number of customers prefer to access Calico services online. We plan to use this data to support our Channel Shift project, which will support us to deliver excellent services in a more efficient way.



We continue to produce our customer insight report, 'what our customers are saying'. This provides a rounded view of the insight we gather that tells us what customers are saying about the Calico services that matter most. The report does not cost anything to produce other than staff time and is a useful improvement tool.

We have completed some customer journey maps of our rent arrears processes. This has given us valuable feedback about which elements of this service customers find difficult to navigate and which they find easy to work through. We are already using this as part of the work we are doing to mitigate the risks to our income stream of Universal Credit and the Local Housing Allowance cap. For example, we have used the feedback to streamline our letters, which will also lead to small efficiencies.

In 2016/17 we further developed Valley Street Community Centre facilities to provide the community with a higher quality environment using £22,000 of external funding. We have maintained our range of wellbeing activities at 18 different sessions each week. We have also levered in an additional £35,500 of external funding to deliver community involvement activity in our neighbourhoods.

Growth Group

The need to reduce service delivery costs in increasingly competitive markets has ensured that we understand our service delivery costs. The hourly rate for delivering support services has reduced from over £20 per hour to, in some cases, less than £16.50 an hour.

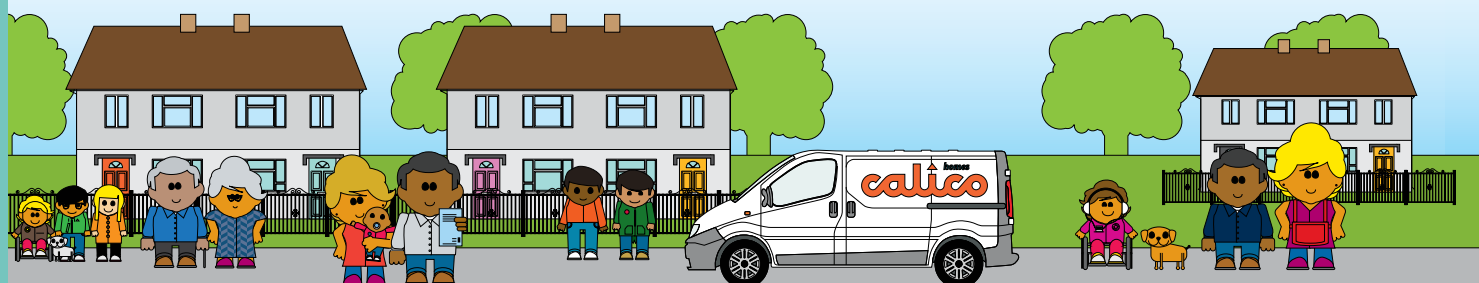
We continue work to simplify the Bid Budget Template to make it more accessible, ensuring understanding and ownership of costs is spread across a wider group of staff. We are also working to ensure costs are accurate and that the process allows us to highlight those that have a disproportionate impact on unit costs.

We have undertaken cost benefit calculations in relation to our work with individual customers to demonstrate the impact of our services in relation to health budgets. We are seeking to incorporate social value measurement into other health related initiatives that we are discussing with East Lancashire CCG currently.

Social Profit

The group continues to develop a 'Social Profit Calculator', an online platform which enables the organisation to quantify and measure the impact of our activity in relation to social return on investment, local economic impact, and cost benefit analysis. It enables us to place a financial proxy on our work that we can use to promote the social impact of our investments. A number of staff have been trained to use it and are currently setting up processes to capture the data required to undertake a calculation.

We have already used the calculator to give us an estimate of the "added value" created by a number of Group services and produce forecasted estimates for inclusion in contract bids. For 2017/18 we are aiming to pilot an approach to quantifying the Social Profit created by Calico Enterprise, the learning from which we then plan to use to help us develop Social Profit accounts for Calico Homes. In the meantime, staff continue to identify case studies which help us promote how our services create added value for our customers.



We continue to externally influence around the social profit agenda through involvement and discussion with key partners and stakeholders. During this next year we will develop a Social Profit Strategy, and our future ambition is to undertake a review of our procurement processes to include a strong focus on Social Profit.

Realising People's Potential

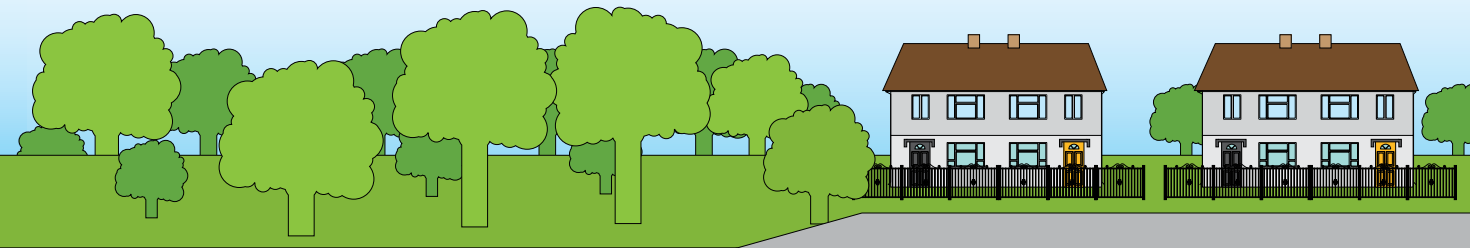
This year, the Realising People's Potential (RPP) group has launched Quip, the new intranet for the Calico Group and is now available to all staff on PC's, Laptops, Tablets and Mobile devices.

ENGAGE – COMMUNICATE – COLLABORATE

The main aim is to encourage collaboration, identify more effective cross-Group working, and improve internal communications across a dispersed workforce and ultimately increase staff engagement.

Quip is a simple to use intranet which includes features that most social media users will already be very familiar with: - posts, timelines, blogs, likes, shares, etc.

To get things going we launched with some key elements, including **People Directory, Working at Calico, Calico Library, Chief Exec's Blog, Business and Social Forums, and Team Collaboration Areas.**



6 VALUE FOR MONEY INTO THE FUTURE

Our balanced approach to value for money, and our sensible approach to spending, puts The Calico Group in a strong position to be a sustainable, successful business and local employer.

Our plans for the future, as set in our Value for Money Strategy, are designed to continue improving customers' quality of life, whilst further increasing sustainability and reducing costs for years to come.

Progress has been made against the Homes Value for Money action plan, approved by Calico Homes Board, which supports delivery the Value for Money Strategy. Delivery of the action plan is overseen by the Being A Business Strategic group, key elements include:

Action	Progress
Increased focus on the core benchmarking information from HouseMark and development of an action plan based on the results	The Being A Business strategic group has collated an action plan based on the 2015/16 HouseMark results and is monitoring progress by all services.
Taking part in the Vantage/RSM Performance Improvement benchmarking club which will provide global accounts information earlier as well as other cost and KPI benchmarking data	The club currently has 24 members with a combined stock of 500,000 units. This is the first year we have submitted data and will be involved in benchmarking for the year to consider performance and how it can be improved, with a specific focus on development build costs.
Leading in developing a Value for Money culture	The Being A Business Strategic Group has completed extensive staff consultation in developing a value for money culture, which has been incorporated into the new company values. The new Leadership Development Programme will also include a Value for Money focus for managers at all levels within the business.
Delivering asset performance action plan including completing options appraisals on stock	Progress is being made against the Asset Management Strategy action plan, which is summarised in section 4 of this self-assessment.
Bidding to HCA for further capital funding to support the development programme	An additional £3.5m was generated in 2016/17 which allowed us to increase delivery from 420 units to 489 units with the same net spend. A minimum of £ 3.2m will be requested for schemes in 17/18, 18/19 and for those concluding the last year of the programme in 19/20.
Continuing to develop the partnering approach to contract management with Ring Stones	We continue to work in partnership with Ring Stones and monitor VfM through our annual self-assessment.
Carrying out an annual self-assessment of Value for Money self assessment with Ring Stones	Completed in Summer 2017. The next review is due in 2018. See action plan on p.29.
Reviewing value for money of inter-group activity	We actively seek quotations for all inter-company activity. We will endeavour to provide these services internally where possible and use the external quotations to benchmark against our service to ensure we are providing value for money. Major differences are investigated and areas of improvement are highlighted to the relevant work stream.



7 FINANCIAL PERFORMANCE DETAIL

Financial Performance

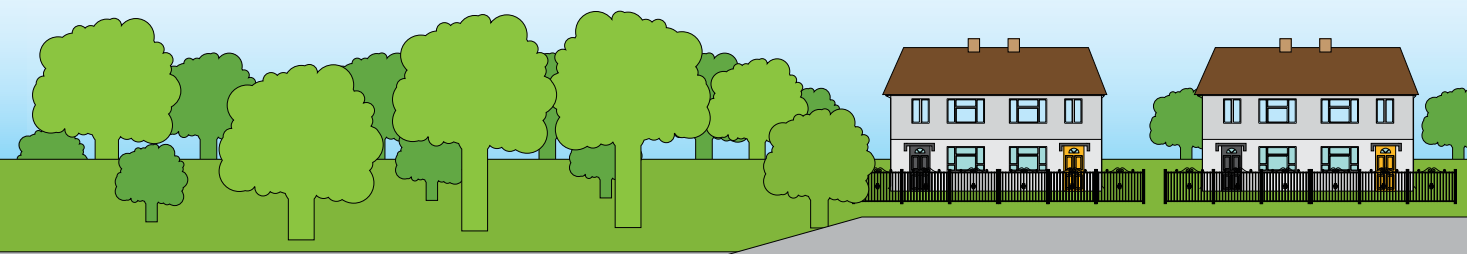
The tables below summarises Calico's overall financial performance over the last three years – the ratios included are in line with the new HCA Sector Scorecard:

Sector Score Card	%	2014/15	2015/16	2016/17
Operating Margin	%	22.6%	24.0%	26.9%
Operating Margin (Social Housing)	%	24.3%	26.4%	28.9%
Interest Cover - EBITDA MRI	%	112.2%	78.6%	131.3%
Units Developed	units	0	70	10
Units Developed % of owned	%	0.00%	1.52%	0.22%
Gearing (level of company's debt)	%	106%	107%	100%
Customers satisfied with service	%	89%	88%	88%
£s invested in new housing supply	Ratio	0.62	0.68	0.66
£s invested in communities	Ratio	0.02	0.02	0.02
Properties - Historic/Deemed/Valuation		Historic	Historic	Historic
ROCE (Return on Capital Employed)	%	5.9%	6.4%	6.7%
Occupancy	%	97.45%	98.15%	97.84%
Ratio of responsive repairs to planned maintenance	Ratio	1.38	0.60	0.68
Headline Social housing cost per unit	£	3,354	3,738	3,203
Management cost per unit	£	1,129	1,119	1,070
Service charge cost per unit	£	144	301	230
Maintenance cost per unit	£	950	911	810
Major repairs cost per unit	£	918	1,206	972
Other social housing cost per unit	£	213	201	122
Rent collected	%	99.03%	99.34%	99.92%
Overheads as % adjusted turnover	%	13.7%	13.7%	12.3%

There is a clear improvement in operating margin over the three years which is as a result of overhead efficiencies made to date.

Interest cover fluctuates over the three years mainly due to accounting adjustments for the Effective Interest Rate in our loan portfolio.

Although the number of units developed is down on the previous year, there were delays for various reasons and the development programme will still be delivered.

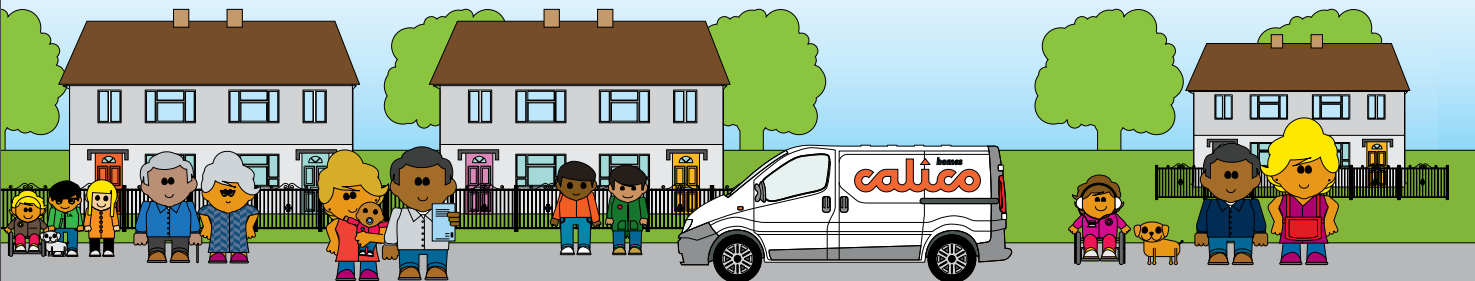


8 SELF-ASSESSMENT AGAINST THE VALUE FOR MONEY STANDARD

In line with regulatory requirements, we have published a value for money self-assessment on our website at www.calico.org.uk/vfmselfassessment. It contains detailed information supporting and expanding on the matters included below on how we think Calico Homes is meeting the value for money standard. It also includes other information which is beneficial to those wishing to understand how we deliver value for money.

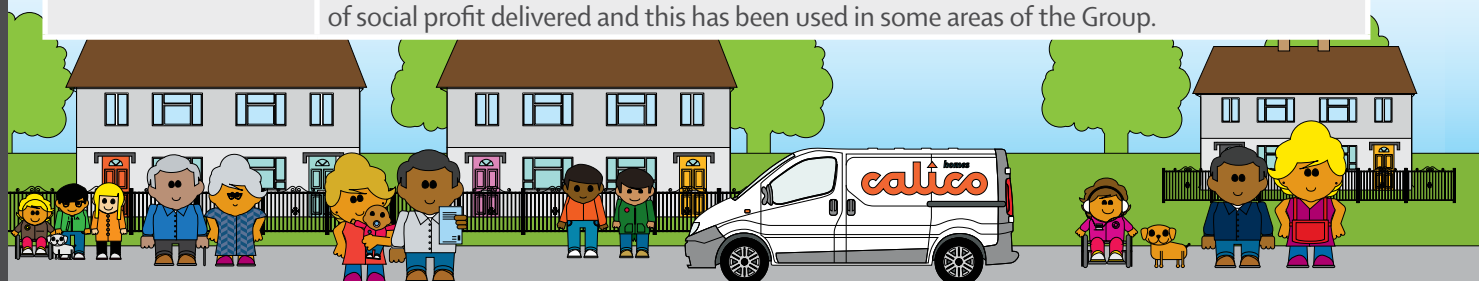
In addition to the above, the Board set out below why they believe Calico Homes meets the requirements of the VfM standard as required by our Regulator, the Homes and Communities Agency ("HCA"):

Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
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>Value for Money is one of our Group strategic aims. 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>VfM is a key priority throughout the organisation, and is reflected in our strategic aims – "To provide value for money in everything we do."</p> <p>Achieving Value for Money in the delivery of our development programme is a priority. In working via PPC2000 contract arrangements with our partner Ring Stones, we are able to gain a greater understanding of programme constraints, transparent costing and the ability to make key design decisions throughout the build period. We deliver an annual VfM self-assessment of our partnership arrangement with Ring Stones.</p>



Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations						
<p>Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so</p>	<p>We benchmark our performance at an individual service level and benchmark specific costs, eg. regular benchmarking of all salaries, repairs, gas boiler replacements etc. We also use the HCA global accounts to benchmark our costs and are looking to join a back office benchmarking group to enable us to compare support costs.</p> <p>We are taking part in a one-year pilot scheme, Sector Scorecard, which is a set of 15 indicators that benchmark efficiency across the sector. The aim is for these indicators to become the mainstream way that efficiency and effectiveness are measured from 2018, and performance will be monitored by Board.</p> <p>Ring Stones, a member of the Calico Group, delivers the previously outsourced planned maintenance and development work. This results in VAT savings but it also enables us to ensure that targets for local employment are met.</p>						
<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>	<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, eg. 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>Working alongside Savills – who are specialised asset consultants – we undertook a full review of the financial performance of our homes in 2016/17. The 30 year average Net Present Value (NPV) per unit was £13,537 (against a benchmark within the region of £18k – formulated before the rent reductions).</p> <p>Options appraisal/reduction in void numbers</p> <p>We have a process in place to monitor the performance of our stock using the Savills framework. To date, focus has been on asset groups with high open market value and low net present value, poor performing asset groups, marginal asset groups, sundry asset groups and sheltered stock.</p> <p>In 2016/17 we have reduced void numbers by utilising properties within the Calico Group:</p> <ul style="list-style-type: none"> • Two difficult to let void properties are now being utilised by SafeNet, providing safe accommodation. • Former student accommodation units have been transferred to Acorn to provide rehabilitation facilities and secondary housing • Royal Court sheltered housing scheme has now been demolished <p>Finding alternative use for these properties ,has meant:</p> <ul style="list-style-type: none"> • Additional rental income • Fewer voids • Impact on communities/ASB/links to other services • Improved performance of our stock <p>Neighbourhood Management have focused on maximising the number of sustainable lets, achieving above target performance for tenancies sustaining for over 12 months. Terminations are continuing to decrease year on year which in turn has reduced void loss</p> <table data-bbox="399 2105 638 2208"> <tr> <td>2014/15</td><td>639</td></tr> <tr> <td>2015/16</td><td>534</td></tr> <tr> <td>2016/17</td><td>493</td></tr> </table>	2014/15	639	2015/16	534	2016/17	493
2014/15	639						
2015/16	534						
2016/17	493						

Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
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 out turns. 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>Review and scrutiny of activity takes place regularly through our 'co-regulation framework'. Through our involved customers we are able to scrutinise costs and determine whether the services we offer are meeting the needs and aspirations of our customers.</p> <p>Our repairs and gas services have achieved external accreditation by Housing Quality Network. This is reviewed regularly.</p>
Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. The assessment shall:	
Enable stakeholders to understand the return on assets measured against the organisation's objectives	<p>Our website contains a detailed self-assessment (www.calico.org.uk/vfmselfassessment) 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 is a key consideration when investment and disposal decisions are undertaken.</p> <p>We have introduced Savills' property performance system and Board have been involved in understanding the data and setting an action plan which will include a new options appraisal process for our poorest performing properties.</p> <p>Our annual property valuation for 2017 undertaken for funding purposes shows an overall increase in the value of our social housing assets from £148m to £155m as a number of new properties are being charged and are now included in the valuation.</p> <p>The £30m increase in our loan facility from 2015 means that an additional 429 properties are to be developed in the 5 years from April 2015, with 79 properties being delivered in 2015/16 and 28 in 2016/17. We are currently looking at our funding options and plan to carry out a refinancing exercise due in 2018. The increased funding will enable us to continue to develop more properties.</p>
Set out the absolute and comparative costs of delivering specific services	<p>We compare costs of individual activities, eg. 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. As we are now managing properties on behalf of Rossendale Council, this has a positive impact on the results of the global accounts information.</p> <p>As well as this benchmarking, we also have the Housemark results which we are using to identify areas where action is required. We have also developed a tool to measure the levels of social profit delivered and this has been used in some areas of the Group.</p>



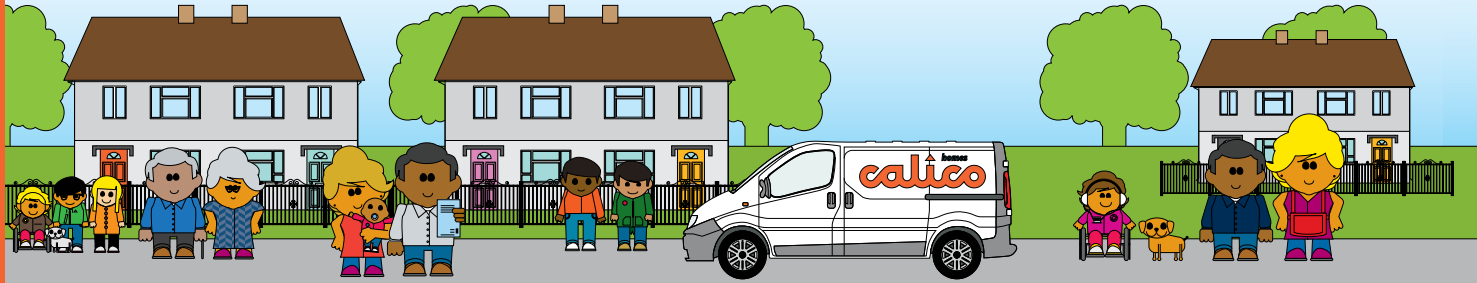
Specific expectations of the HCA	Summary of how Calico Homes is meeting these expectations
Evidence the value for money gains that have been and will be made and how these have and will be realised over time	To mitigate the impact of the reduction in the rent levels, efficiency targets have been put in place to deliver cumulative savings of £1.8m over three years. The target savings of £640k for 2016/17 were achieved and the budget and business plan for 2017/18 includes further savings of £576k. There are savings of £535k required in 2018/19 and work is underway to deliver these. All savings are being captured and reported to Board, with updates on a regular basis.

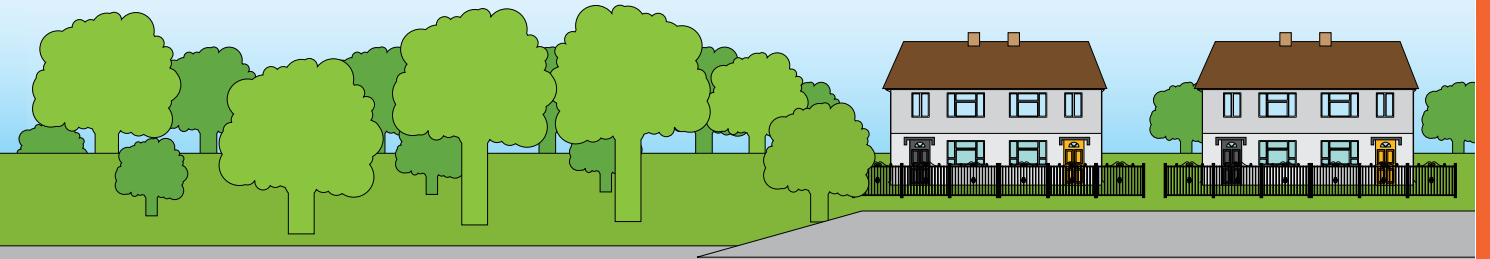


GROUP STRUCTURE

Schedule of Intra Group Services

	Buyer of Service	Seller of Service	Description	Value 16/17 £	Timescales	% of Turnover of Seller	Comments
1	Calico Homes	Calico Enterprise	Interiors – Painting and Decorating Void Properties	£220k (Budget 2017/18 £220k)	Agreed on an annual basis	7%	
2	Calico Homes	Calico Enterprise	Painting and Decorating for refurbishments	£29k	Agreed ad hoc	1%	
3	Other group companies	Calico Enterprise	Painting and Decorating for refurbishments	£65k	Agreed ad hoc	2%	
4	Calico Homes	Calico Enterprise	Cleaning and clearing void properties	£192k (Budget 2017/18 £169k)	Agreed on an annual basis	6%	
5	Calico Homes	Calico Enterprise	Share of joint staffing resource	£12k (Budget 2017/18 £12k)	Agreed on an annual basis	0%	
6	Calico Homes	Calico Enterprise	Share of joint staffing resource	£12k (Budget 2017/18 £12k)	Agreed on an annual basis	0%	
7	Other group companies	Calico Enterprise	Share of joint staffing resource	£17k (Budget 2017/18 £17k)	Agreed on an annual basis	0%	



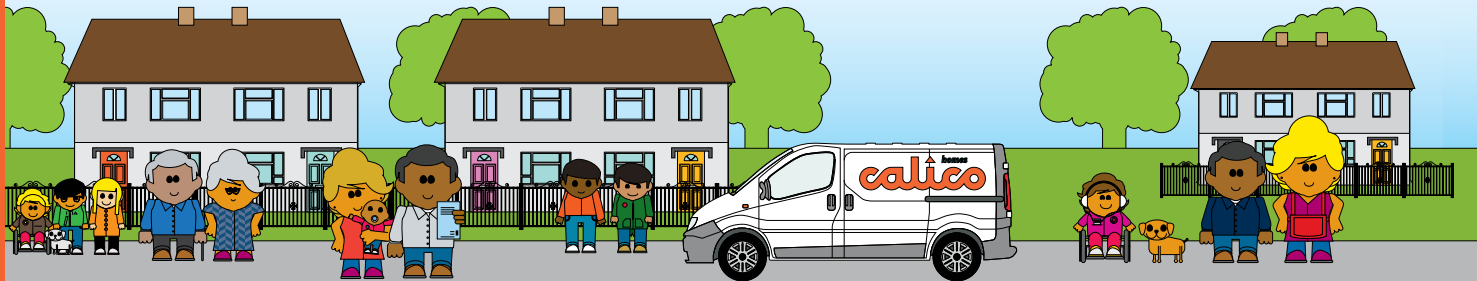


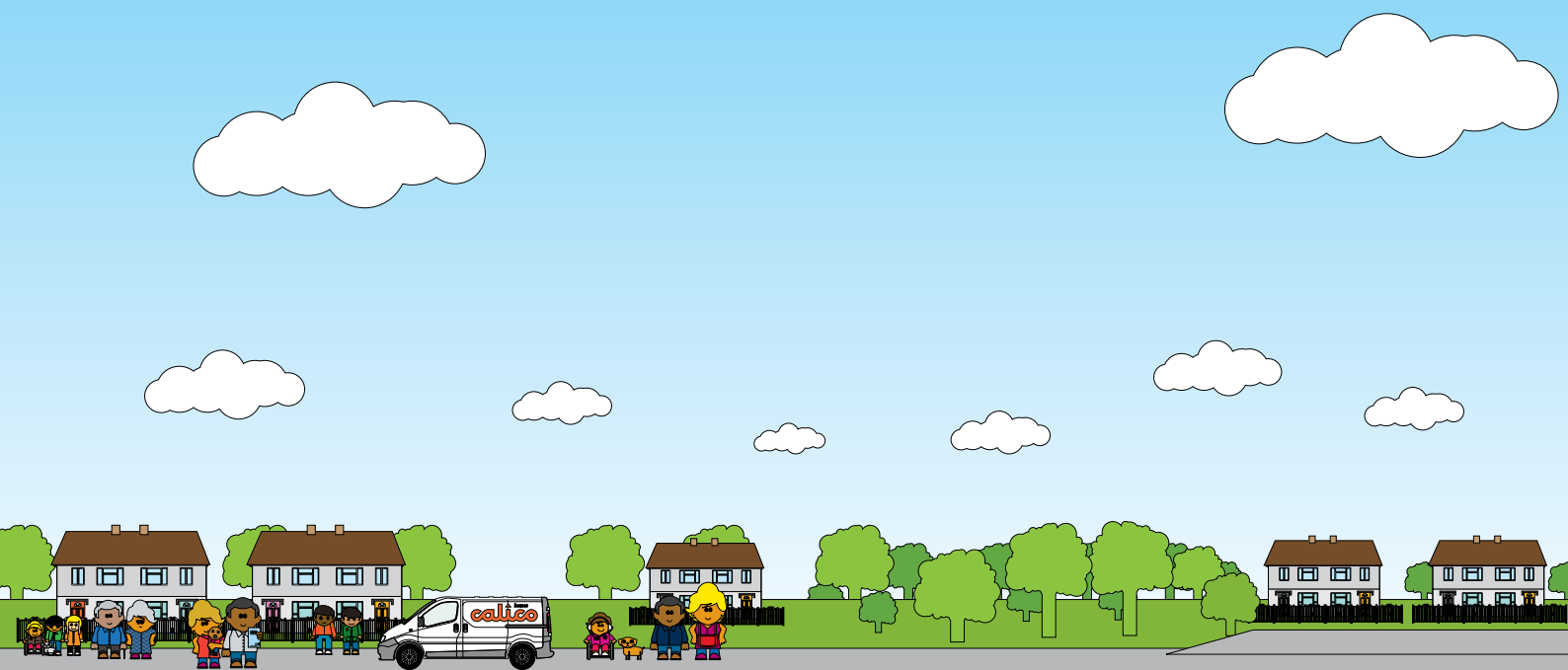
8	Other group companies	Calico Enterprise	Supply of recycled furniture	£3k	Agreed ad hoc	0%	
9	Calico Homes	Calico Enterprise	Training	£6k	Agreed ad hoc	0%	Supplied by new workstream Afta Thought
10	Other group companies	Calico Enterprise	Training	£1k	Agreed ad hoc	0%	Supplied by new workstream Afta Thought
11	Calico Homes	Calico Enterprise	Supply of caterings services	£6k	Agreed ad hoc	0%	Supply all buffets for meetings
12	Other group companies	Calico Enterprise	Supply of catering services	£26k	Agreed ad hoc	1%	Supply all buffets for meetings
13	Acorn, SafeNet and Ring Stones	Calico Enterprise	Supply of apprentices through CtF	£13k	Agreed ad hoc	0%	
14	Other group companies	Calico Enterprise	Supply of apprentices through CtF	£87k	Agreed ad hoc	03%	
15	Calico Homes (via Hobstones for Development works)	Ring Stones	Development Investment Works Responsive Works	£5.1m £4.9m £527k	Per job Agreed annually Per job	100%	See note below

16	All Calico Companies	Calico Group	Finance, HR, IT Office, PR, Business Improvement, Internal Audit, Community Involvement, Governance, Management	(Budget 2017/18 £883k)	Value agreed on annual basis. Service ongoing	3%	
17	All Calico Companies	Calico Homes	Office, PR, Business Improvement, Internal Audit, Community Involvement, Governance, Management	(Budget 2017/18 £883k)	Value agreed on annual basis. Service ongoing	3%	
18	Acorn, Safenet and Ring Stones	Calico Homes	Lease of various properties	SafeNet £77k Acorn £35k	As per tenancy agreements	1% July	
19	Hobstones	Calico Homes	Supply of development staff to work on new developments	£51k	Per job	0%	
20	Delphi	Acorn	Support supplied for the HMP contract	£54k	Agreed annually	2%	
21	Enterprise	Acorn	Training supplied to Careers Service	£4k	Per job	2%	
22	Calico Homes	Acorn	Investment Pot for Delphi set up costs	£54k	One of	2%	

Note:

To optimise our VAT position, expenditure for Development is paid via Hobstones (a Calico Group company which sits outside our VAT group). Calico Homes pays Hobstones and Hobstones pays Ring Stones)





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 facebook.com/thecalicogroup

 twitter.com/calico_group

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