Two Castles Housing Association

Value for Money Self Assessment 2016/17

1. Introduction

Two Castles Housing Association (TCHA) is a traditional housing association founded in 1966. We own and manage 3,735 properties of a dispersed nature located across the North of England, providing services to more than 7,000 customers. Our rent to leasehold mix is 79/21, compared to a 94/6 mix for most of the sector. We provide a mix of general needs, supported and older person's rented housing, as well as some home ownership accommodation.

At the end of July 2017, TCHA is due to merge with Derwent and Solway Housing Association (D&S), following D&S's 'de-merger' from Your Housing Group. The merger will result in a new organisation (Castles & Coasts Housing Association).

We are expecting considerable value for money and efficiency benefits to arise in due course from the merger; these are picked up in various sections throughout this self-assessment.

For more details about us and the areas we work in, please go to our website www.castlesandcoasts.co.uk

2. Corporate objectives and how we will achieve them

2017 was the last year of our three year corporate strategy. During this time, our vision and corporate objectives have remained unchanged, and are set out below:

Our Vision:

'To deliver quality homes and services with pride, passion and principles'.

Our Corporate Objectives:

Goal 1 - Customer

To involve and empower residents to help us to deliver a high quality service to residents and prospective residents.

Goal 2 – Employer

To be the preferred employer for both existing and prospective employees.

Goal 3 – Property

To build and maintain safe, secure and sustainable homes and communities.

Goal 4 – Viable

To be a financially viable, well run, organisation.

Goal 5 - Leadership

To ensure that we have effective and accountable leadership and governance to enable us to meet challenges and opportunities.

Value for money is a key cross-cutting theme across all our corporate objectives. We believe that our customers and prospective customers should receive first class homes and services from us. By concentrating our resources on service improvements, working with residents, listening to them, and always seeking better value for money in everything that we do and plan to do, we are able to ensure that they benefit from this approach.

Looking ahead, we do not expect our five goals to change as a result of the merger; however, a new Corporate Plan will be one of the first new documents we produce, along with other key strategies such as development, finance and asset management for the new organisation.

2.2 How we have achieved our corporate objectives

During 2016/17, we made the following progress in achieving our key corporate objectives:

Goal	Target	Progress
Goal 1 – Customer **Goal 2 - Employer**	Implemented all changes resulting from review of Housing Services	All teams now fully operational
Goal 5 – Leadership	Full review of strategic aims of organisation	Strategic aims were reviewed to ensure compatible with those of D&S prior to merger. A full review of strategic aims will take place following the merger in July 2017.
Goal 3 – Property **Goal 4 – Viable**	Implement proposals around office accommodation	Feasibility reports were reviewed by the board; however any further steps were put on hold pending merger with D&S
Goal 2 – Employer **Goal 3 – Property** **Goal 4 - Viable**	Produce new Development Strategy	Approved by Board December 2016. Following the merger the development strategy will be subject to a further review to ensure comparability with the larger association.
Goal 3 – Property **Goal 4 – Viable**	Set up cost sharing vehicle with other Cumbrian RPs to deliver responsive repairs	Agreement signed in December 2016 and piloting began in January and was fully operational for the start of the 2017/18 financial year.
Goal 4 – Viable **Goal 5 - Leadership**	Deliver cost savings as a result of the 1% rent reduction	£500k savings over four years are required as a result of the 1% rent cut. £170k of savings had been achieved by 31 March 2017. This would have been more if insurance premiums had not risen significantly as result of flood risk. Therefore at 31 March 2017 we are approximately £60k behind where we had anticipated being.
Goal 5 - Leadership	Together with North Star Housing we completed an exercise to re-procure legal services in line with EU requirements	Framework designed and signed 1 October 2016; new panel of lawyers now in use. We have also re-procured treasury and business plan support this year.
Goal 3 – Property **Goal 5 - Leadership**	Re-procure development partnership following approval of Development Strategy	The re-procurement will take place after the merger so that any new procurement partnership reflects the nature of the development programme.
Goal 3 – Property	Re-procure cyclical maintenance contracts to get better value for money	Preparatory work largely complete; no further action until after the merger so that full benefits are realised from the Association being of a larger size.

Goal	Target	Progress
Goal 1 – Customer **Goal 4 - Employer**	Actively manage future welfare reform impacts	Impact now fully modelled and presented to Board in May 2017. Further in-house training for staff is under way.
Goal 1 – Customer **Goal 3 – Property**	Complete internal leasehold services review	A separate leasehold team has been set up and an action plan developed which is now being delivered. The purpose is to improve service delivery and service charge recovery.
Goal 1 – Customer **Goal 4 - Employer**	Undertake sheltered housing options review	A full review has been delayed pending further announcements on future funding of sheltered housing and the proposed LHA cap due in April 2019. However, a new sheltered housing team has been set up and plans are in place to mitigate the cap should it proceed.
Goal 1 – Customer **Goal 4 - Employer**	Commence implementation of channel shift	We continue to develop our online portal and are providing more services now online. We are particularly focused on using channel shift to improve rent collection and have set new KPIs in this regard.
Goal 5 - Leadership	Enact Board succession plan and ensure right skills in new Board Members appointed	This has been deferred until post-merger where governance and leadership will be subject to a detailed work plan to ensure effective leadership of the new organisation..

3. Our strategic approach to VFM

Everything we do as an organisation is measured against whether it helps us to achieve our corporate goals and our purpose. We do not see VFM as an ‘add-on’; rather it underpins everything that we do, from performance management to procurement, from consultation right through to business planning, and our VFM Strategy informs our Corporate Strategy. Our VFM Strategy is due to be reviewed following the merger with D&S; the new, larger organisation will give us new impetus and opportunities for efficiencies and improved quality.

Our strategic VFM direction is led by the Board, and cascaded through our executive and staff via our performance management framework. The Board has a VFM champion, providing visible leadership and emphasising the importance of VFM. We have a corporate balanced scorecard which encapsulates our corporate objectives, which is normally monitored and reported on to Board half yearly. Following the merger in July 2017 a new balanced scorecard will be produced, with the intention of finalising this at the September 2017 Board meeting. Certain ‘priority’ KPIs are also subject to additional scrutiny from our quarterly Audit and Risk Committee; for example, in 2016/17 we focused on improving re-let times. Our KPIs at both a corporate but also a team/individual level are linked to our VFM objectives and actions.

To ensure an outward focus and to learn from others, we undertake benchmarking of our costs. Whilst previously we used the HCA Global Accounts, this year we have adopted the metrics in the Sector Efficiency Scorecard. To better understand our comparative performance at a more granular level, we participate in HouseMark benchmarking, and use this to drive our performance improvement.

Our VFM strategy, and indeed our focus on VFM in all that we do, means that VFM is an intrinsic part of our other key strategies: development, asset management, financial management, procurement, ICT and people. VFM is a key consideration in all new projects and forms part of the business case for everything we do.

TCHA is committed to transparency in the reporting of our performance to all of our stakeholders. Publishing this VFM self-assessment on our website is just the start; however, as we are also keen to hear how we can improve on what we do and how we do it, if you have any comments please call us on our free-phone number 0800 0851171, or send us a message to mailbox@castlesandcoasts.co.uk.

4. Growth and organisational structure

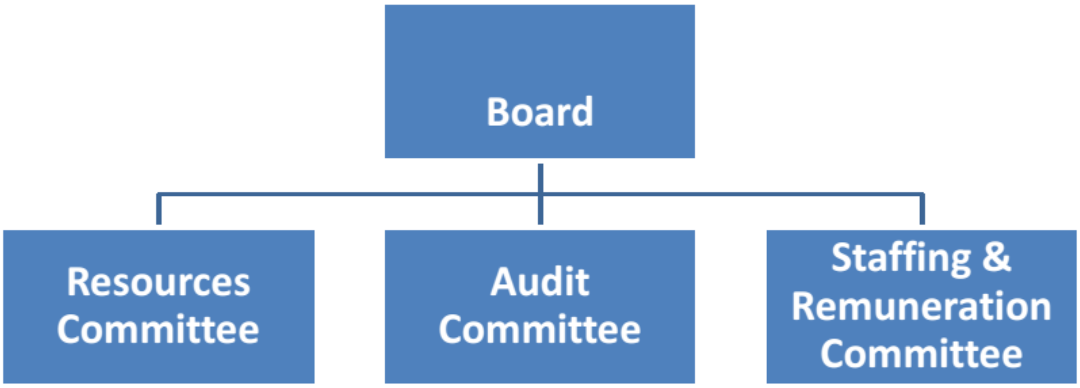
4.1 Our growth ambitions

We have an active development programme and our aim is to invest as much as we can, whilst remaining within covenants, into new supply. The development of new homes remains a key priority despite a background of less grant and reducing income as a result of the 1% rent cut. Our plans for 2017/18 include 45 new homes. However, we believe that new and enhanced development opportunities will be one of the positive impacts of the merger with D&S, and we will be reviewing our development plans accordingly in the post-implementation phase. This will include modelling our combined development capacity, which is a priority action for 2017/18. The detailed business case for the merger showed development assumptions of 231 general needs homes, 31 shared ownership homes and seven outright sale homes, to be delivered before 2020.

In 2016/17 we developed 71 new homes through our development programme, comprising 68 for social/affordable rent and three for shared ownership. The majority of these were two and three bed houses and bungalows, aimed at meeting the areas of highest demand and need. Until we are able to understand our new development capacity, we have purposely targeted S106 acquisitions. We also made forays into an innovative product known as The Dynamic Model, which has been featured by the National Housing Federation in its 'buy as you go' modelling. Research by Savills suggests that more than one million households could benefit from such products, and despite a diminishing in perceived urgency for the model (as government focus has shifted away from an exclusive focus on home ownership), we are still committed to delivering it in the future.

4.2 Organisational structure

Our organisational governance structure is very simple:



This overall structure will not change as a result of the merger with D&S; a shadow board has been operating for some time in the run-up to completion which post merger will become the Castles & Coasts Housing Association's Board It is anticipated that the three committees will remain broadly the same, and overall ongoing governance costs will not increase following merger (governance costs post-merger will be less than 0.25% of turnover, which we think is excellent VFM).

We believe that this simple structure following a full merger with D&S will enable us to deliver on our new, combined purpose and objectives for our larger customer base. We expect to achieve significant economies of scale as a result of the merger (our forecast combined 'real' efficiencies was £0.5m - £1m; however, as a result of the merger our insurance premiums have increased beyond our projections due to the high flood risk in Cumbria, and we are therefore remodelling our financial plans whilst continuing to negotiate with the insurers for a better deal). There will be no senior staff redundancy costs, and IT and other back office costs, as well as asset management overheads, will be spread more effectively. Equally importantly, we believe that D&S residents will experience a significant improvement in service quality and accessibility as a result of the merger (the same level of service as given to TCHA tenants), which over time will be for less cost.

5. Evidencing VFM – high level metrics

5.1 High level metrics

TCHA has not chosen to take part in the pilot year for the new Sector Efficiency Scorecard, for the simple reason that our attention and resources have necessarily been focused on effecting a successful merger with D&S. However, we already collect most of the indicators in the scorecard, which we set out below. We have included 2015/6 figures, as well as our projections for 2017/18, in order to show our direction of travel.

Metric	2015/16 (TCHA)	2016/17 (TCHA)	Target 2017/18 (post-merger)	Comments
Business health:				
Operating margin	31.55%	28.98%	23.16%	*2017/18 includes one off merger costs. If this were to be excluded the ratio would increase to 28.08%*
Increase/(decrease) in operating margin	3.42%	-2.41%	N/A	
EBITDA – MRI (as a percentage of interest)	226%	208%	120%	*2017/18 includes one off merger costs. If this were to be excluded the ratio would increase to 153%*
Development – capacity and supply:				
Units developed (absolute)	111	71	48	*The development capacity of the merged association will be scoped for future development capacity*
Units developed (as a percentage of units owned)	3.0%	1.9%	0.7%	*As noted above*
Gearing (net of cash)	112%	109%	102%	*The gearing ratio is strong and reducing. Under the proposed merger the Association will benefit from use of a Rolling Credit Facility (RCF) thereby minimising the amount it will need to borrow.*
Outcomes delivered:				
Customers satisfied with overall service provided	87.6%	87.6%	88%	*We will look to continue to improve customer satisfaction*
£s invested for every £ generated – in new supply	1.61	0.74	0.34	*As noted above, the development capacity of the merged organisation will be scoped.*
£s invested for every £ generated – in communities	N/A	N/A	N/A	*The Association invests in local communities via its procurement partners and also as part of its energy efficiency programme (completed in 2016/17).*
Effective asset management:				
Return on capital employed	3.0%	2.7%	3.0%	*A consistent performance. If the 2017/18 merger costs were to be excluded then the ratio would show an improved performance of 3.6%*

Metric	2015/16 (TCHA)	2016/17 (TCHA)	Target 2017/18 (post-merger)	Comments
Occupancy	99.0%	98.8%	99.4%	*Occupancy rates are satisfactory and stable.*
Ratio of responsive repairs to planned maintenance	54:46	49:51	42:48	*The allocation of spend between responsive and planned will be reviewed as part of the merger.*
Operating efficiencies:				
Cost per unit:				
Headline social housing CPU	2956	2905	3602	*2017/18 includes one off merger costs. If this were to be excluded the headline CPU would be £3,377 and the management CPU would be £829.*
Management CPU	890	963	1054	
Service charge CPU	534	522	471	
Maintenance CPU	900	890	1181	
Major repairs CPU	856	875	944	
Other social housing CPU	42	41	159	
Rent collected (net rental income/gross rental income)	102.4%	102.4%	96.8%	*For 2017/18 the collection rate has been based on the merged financial plan which has been based on prudent measures for voids & bad debts, as the impact of universal credit has yet to be fully assessed.*
Overheads as a percentage of social housing turnover	16.5%	16.5%	N/A	*The ratio will be reviewed post merger.*

(For 2017/18 we have based our anticipated performance on the merged association. The current year 2016/17 and prior year are for TCHA only.)

The table above shows that pre and post merger the Association is in a strong position to withstand the impact of both the rent cut and welfare reform, whilst also being able to continue to expand and improve its services to both existing and future tenants and continuing to deliver a modest development programme.

The anticipated financial performance for 2017/18 is based on the most recent pre-merger financial plan. Included within the headline and management costs are one-off costs incurred in 2017/18 which relate purely to the mechanics of bringing two Associations together. In addition D&S, as part of its current structure, pays an intercompany management fee to its parent company to cover central services such as finance, IT, HR and customer first response, and as such this is has been treated as a management cost. At this stage of the process this recharge has been retained within the merger financial plan and is again part of the management and headline costs per unit. In the 18 month period post merger it is anticipated that this recharge figure will be replaced by actual expenditure. Further work will also be carried out as to how overheads will be allocated to each activity. The overall recharge figure is considered to be in excess of that which will actually be required.

5.2 Financial performance

TCHA continues to be financially viable with a V1 rating from the HCA. In 2016/17 we improved our operating surplus from £4,665k (as per the plan) to £4,806k, and our bottom line surplus from an expected £2,381k to £2,725k. We have been able to invest in new supply, as well as in the future growth of the organisation through merger. We have also continued to make operational savings, required as a result of the 1% rent reduction, as set out in the table below:

	£
Monetary savings 16/17	**349,536**
As split between:	
Ongoing	**99,825**
One off	**249,711**

The savings achieved in 2016/17 cut across our corporate objectives. For example, they include a reduction of £65,500 on interest by arranging to have the final drawdown date on a loan deferred for 12 months; savings on procurement for gas of £63,300, as well as smaller savings such as electronic filing which has reduced storage and production costs by more than £11.5k.

5.3 Treasury management

Our Treasury Management Strategy is reviewed annually with the assistance of our external advisers, DTP. The 2016-7 annual review took place in September. TCHA is ‘risk averse’ in relation to its borrowing strategy, and maintains a mix of variable and fixed interest rates. The annual review confirmed that the current strategy is sound and no changes were made. In going forward the merger will result in a new funding package from the current funders. It is anticipated that cash balances held by the merged organisation will enable some existing debt to be repaid under a new rolling cash facility, thereby reducing interest charges. By having a flexible RCF this will allow for a closer future match between drawing down on debt and cash requirements.

5.4 Active asset management (AAM)

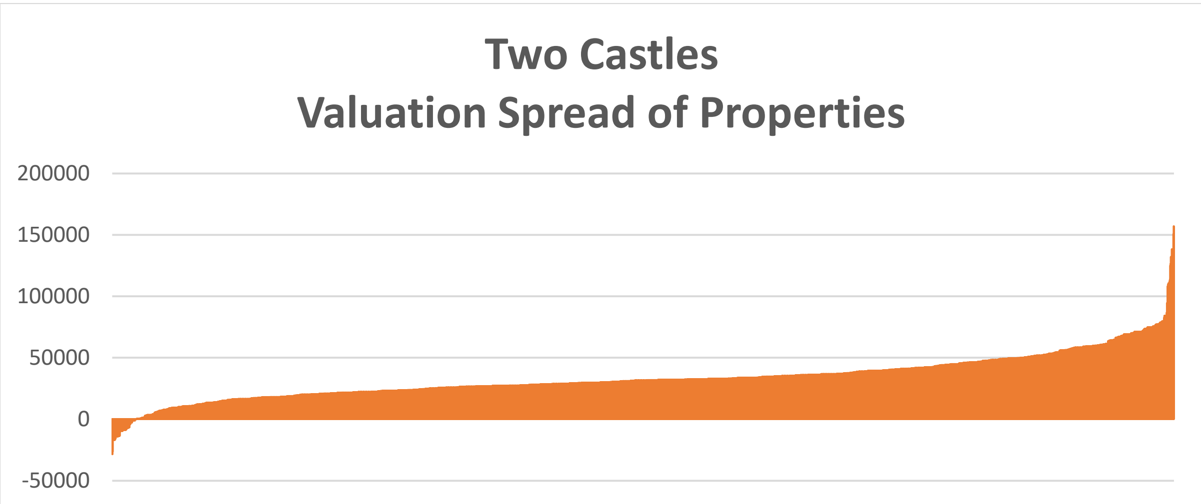
TCHA has had an ‘active’ approach to asset management since 2010. Our current asset management strategy runs to 2020; however a new one will be produced as a priority immediately following the merger, drawing on an enhanced approach to stock condition. One of our key early tasks will be to improve the balance for the D&S properties between responsive and planned maintenance spend. We will also have a renewed focus on health and safety compliance, and on flood alleviation resilience (see Forward Look). Our current approach draws data from a number of sources (inputs) before taking action in the form of operational targets, investment decisions, disposals and changes in policy and procedures (outputs). Our Financial Plan is updated to reflect the decisions made to ensure we have the resources needed and achieves the optimum return on our assets. Our work in this area undergoes continuous improvement, as is demonstrated below.

5.4.1 Stock condition

Our stock condition database forms part of an integrated IT system for managing the maintenance function of the business. The data held is based on completed surveys for 93% of all our stock. The data is continually reviewed and confidence in the results is high. This data is externally validated and our surveyors receive external training to ensure competency and consistency. The robust nature of this stock condition data informs our five year planned maintenance programme, which is updated every two years. Following the merger, work will commence on an enhanced approach that will be implemented for the collection and re-survey of the stock condition data, drawing on best practice from both organisations. We are also aiming to include Building Information Modelling (BiM) in this enhanced approach.

5.4.2 Financial Asset Management Matrix

We use an NPV-type a model to track the financial performance of our rented assets. The model works at scheme and at individual property level; we rank each scheme and track its performance over each financial year to identify any significant movements or trends in scheme performance. We now have seven years of valuable data on scheme performance which has already been effectively used to make strategic asset management decisions. An action plan is in place for all properties with a negative NPV.



5.4.3 AAM activity in 2016-7

We have an ongoing small planned disposals programme based on our asset management matrix analysis; last year we disposed of 24 vacant properties, most of which were empty LOTS (Living over the shop) properties; others were 'outliers' where the cost of management and maintenance, alongside high property values, means that as such properties become void we sell them on the open market to generate additional income for development elsewhere. During 2017/18 we intend to demolish a small number (10) of vacant sheltered bedsits, and will consider redevelopment on the land at a future date if market demand is evident.

Units 2016/17	Local Authority	Average NPV	Board Response
6	Copeland	(14,241)	Relate to LOTS schemes which are to be handed back on the lease expiry, as the Board have elected to discontinue acquiring LOTS properties
12	Durham	(8,957)	Relates to one scheme where antisocial behaviour and poor demand affect the scheme. Currently being monitored by the Board
11	Gateshead, Durham, Tyne & Wear, Copeland	(3,281)	Properties forming part of a bigger scheme where the overall scheme has a positive NPV.
22	Gateshead	(8,558)	Properties are part of two larger schemes which, following a Board decision, were subject to major refurbishment in order to improve demand and minimise future losses.
11	Newcastle, Durham	(12,519)	Difficult to let, low value areas. One scheme is under review as the NPV results were lower than we had anticipated.
2	Northumberland	(19,913)	Properties earmarked for disposal when tenancy ends
64	**Total**	**(9,294)**	

5.5 Performance

The table below shows our operational performance for the three most recently benchmarked years using HouseMark data. The list of RPs against whom we benchmark our performance can be found at **Appendix 1**.

	TCHA Performance				Peer Performance			Trend			Performance		
	2016/17	2015/16	2014/15	2013/14	2015/16	2014/15	2013/14	2014/15 to 2015/16	2013/14 to 2014/15	2012/2013 to 2013/14	2015/16	2014/15	2013/14
Process													
Rent collected as % of rent due	102.44%	102.38%	101.61%	103.00%	99.59%	99.50%	99.20%						
Service charges collected as a % of service charges due	103.36%	105.45%	104.43%	99.30%	100.47%	No Data	No Data						
Average re-let time	37	33	36	30	26.75	29.45	26.82						
Repairs completed at the first visit %	No Data	95.5	85.86	93.93	91.92	90.40%	93.00%						
People													
Sickness absence average days lost per employee	6.46	8.6	9.79	5.1	8.51	9.4	9.2						
Staff turnover in the year %	13.00%	6.40%	4.50%	14.30%	16.78%	11.80%	13.00%						
Value													
Satisfaction with the quality of new home %	100.00%	100.00%	100.00%	100.00%	87.65%	96.70%	92.50%						
Satisfaction with the service provided %	87.60%	87.60%	87.60%	87.00%	89.75%	89.20%	90.20%						
Satisfaction with repairs and maintenance %	83.20%	83.20%	83.20%	83.50%	84.25%	85.00%	85.20%						
Satisfaction with neighbourhood %	89.90%	89.90%	89.90%	90.50%	87.05%	87.90%	87.90%						
Satisfaction that rent provides value for money %	84.60%	84.60%	84.60%	85.50%	85.10%	83.80%	85.10%						
Satisfaction that service charges provide value for money %	73.00%	73.00%	73.00%	73.00%	74.15%	75.00%	75.10%						

Performance result is in the upper quartile of the peer group (top 25%)

Performance result is in the middle to upper quartile of the peer group (between 25% and 50%)

Performance result is equal to the median of the peer group

Performance result is in the middle lower quartile of the peer group (between 50% and 75%)

Performance result is in the lower quartile of the peer group (between 75% and 100%)

No data submitted for this indicator

There is insufficient peer group data for this indicator to calculate a valid quartile

Our performance, with one exception, is viewed as being stable although fluctuations from year to year may arise.

Our biggest concern is the average re-let time. Since the introduction of new specialist teams following the Housing Services review at the end of 2016, we are seeing an improvement in the time taken to re-let empty properties. However, there are still some properties which have been difficult to let in the past, particularly those in some sheltered schemes and in certain rural areas, which impact disproportionally on our performance in this area. We believe our joint approach to dealing promptly with new voids, along with the targeted approach to advertising and promotion of the low demand properties will help continue to improve our overall performance in the year ahead. This will be a key area of close monitoring and scrutiny in the coming year for the merged organisation.

6. Backward look – how have we done?

We identified a number of VFM initiatives within last year's VFM statement, and many of these were incorporated within our strategy for the year, the results of which are reported in section 2.2.

In addition to section 2.2, we set out in last year's VFM Statement both a series of targets and other initiatives, the progress against which is reported in the table below.

Target	Actual performance 2016-7	Comments
Reduce operating costs by £500k over the 4 year period of the rent reduction	£170k savings achieved	Savings £60k less than planned due to increase in insurance for flooding
Development costs to be 25% below published relevant BCIS inflationary increase over life of 2015-20 programme	Target was not relevant for this year, as all our new stock came from S106 acquisitions.	There have been significant changes in government policy in relation to new supply; our approach will also change as a result of merger. We will therefore review this target in 2017/18.
Manage portfolio of new and existing debt so that average fixed interest rate anticipated for period 2016/17 to 2021/22 does not exceed the long term interest rate included in Financial Plan	Actual 16/17 fixed interest rate (including margin) is 4.63% which is less than the long term planned rate of 6.75%. Highest anticipated fixed rate from 2017/18 to 2021/22 is 4.59%	Even with the plan's future interest rate including an element of caution, the policy of fixing interest rates proves that the Association is minimising exposure to potential hikes in interest costs.
Look at sharing wider services within a Cumbria landlords group.	The merger with D&S is likely to produce efficiencies within its own right. This will be prioritised, and as a result identifying further efficiencies within the wider Cumbrian group is currently on hold.	Wider efficiencies within a Cumbrian landlords group will be considered but only after priorities of the merged association have been identified.

Target	Actual performance 2016-7	Comments
Review a VFM KPI for future development which better reflects the Board's decision to adopt new home ownership products.	Again, we have delayed this until we have completed the merger and been able to model our new development capacity accurately.	To be reviewed as part of the larger merged entity.
Continue our ongoing investment in IT	Money was invested in IT systems during 2016/17, Some projects were put on hold due to the announcement of the merger and the significant demands this placed on IT resources.	The IT system and technology continues to be a principle resource in delivering future efficiencies, and will form the backbone of future initiatives.
Continue to implement our ongoing stock rationalisation review	Two progress reports made to the Board during 2016/17 confirming disposal of six of the 21 properties due to be disposed of. Re-housing of tenants in one low demand scheme now to be demolished and progress with possible disposal of one scheme of low demand.	Rationalisation strategy to be reviewed for the larger merged entity
Develop models utilising Building Modelling Information (BIM)	During 2016/17 extensive work has been focused on establishing the optimum level of detail of BiM models to be collected and the use within the organisation. The optimum level of detail aims to balance the benefits of the models against the time and costs of developing them.	Work has commenced on the feasibility of incorporating BiM into future stock condition surveys. OPENHousing should enable the use of BiM models from late 2017/18 and further work is required before establishing when BiM models will be an operational reality
Design new KPIs to measure performance of restructured housing management service	KPIs reviewed to reflect new teams arising from the Housing Services review, including a new income section	All new teams now have clear KPIs and subsequent targets which are being used to help improve performance.
Continue to review, with other RPs, the reasons for differences in unit costs	The Association's unit costs appear to be below that of our peers.	To be reviewed post merger as the peer group will change due to the association becoming larger.

7. Forward look – what are our plans and what gains are we expecting to make?

7.1 Financial performance

Our projections for our financial performance are included in the Sector Efficiency Scorecard in section 4. We will complete our merger during 2017/18 which will impact on our financial plan. Work during 2017/18 and 2018/19 will include developing and implementing plans for effectively minimising expenditure whilst maximising returns.

Our new Corporate Plan for Castles & Coasts Housing Association will set out our vision and objectives for the new organisation. 2017/18 will essentially be a period of integration, with some future aspirations and objectives being developed during the first few months.

7.2 Strategic and VFM objectives 2017/18

In going forward our plans will clearly be dominated by the merger and the need to put in place new goals, objectives and targets. The merger is unusual within the sector in so far that D&S demerged from a larger housing association group and merged with TCHA. This in itself brings about a new series of challenges which include the following:

- As our partner is de-merging from a larger association, all IT and central service support mechanisms automatically ceased to exist on day one of the merger. There will be a strong drive to integrate all systems and to ensure data is both accurate, understood and available.
- Meeting the aspirations and expectations of all our residents
- Fully reviewing some business streams which are new to many of the senior staff and Board members, e.g. activity and performance of the DSO, risks and rewards of running an extra care scheme.
- The merged association will have a large proportion of its stock within Cumbria. Both partners in the merger have been facing the lack of appetite by insurers for insuring flood risk within Cumbria. The merger has brought this to the forefront, and a major task for 2017/18 and 2018/19 will be managing insurance premiums, insurance markets and our flood response plans.
- To continue the VFM savings target of £500k over the four year rent reduction, and to consider expanding this saving closer to £1m. which will be reinvested within the asset management programme.
- The Board will need to review the VFM strategy during 2017/18 and its links to other key strategies.
- To continue with existing development plans and to look at the potential for increasing development capacity over and above that specified in the merger business case.
- Review during 2017/18 and 2018/19 the current spend on responsive and major repairs, based on outcomes from enhanced approach that will be implemented for the collection and re-survey of the stock condition data.
- During 2017/18 and 2018/19 to review the activities and operations of the DSO, with the intention to maximise the return on performance.
- During 2017/18, undertake a strategic review of maintenance service delivery to provide options to expand Cost Sharing Vehicles (CSVs), expansion of DSO and remaining procurement requirements for all maintenance areas. Recommendation will be implemented from 2018/19 onwards.

8. Statement of compliance with VFM Standard

This self-assessment seeks to demonstrate that TCHA continues to balance the challenge of maintaining high performance standards with the most efficient use of our funds. During 2016/17 we have delivered on the majority of the VFM priorities we set out in last year's self-assessment despite the significant challenge of delivering a successful merger.

We have set out further opportunities to embed VFM across the organisation, most notably through the merger, an initiative which will pay further dividends over the coming years.

We will continue to closely monitor both costs and performance, and ensure that we continue to drive costs down and to release efficiencies which we can then re-invest in new homes.

TCHA Board recognises that it is ultimately responsible for ensuring compliance with the regulatory standard on Value for Money. The Board believes that through the range of internal & external information, validation and assurance it regularly receives, it has obtained sufficient evidence to demonstrate compliance with the VFM standard.

Appendix 1

Members of HouseMark Benchmarking Group

Bernicia Homes	Liverpool Housing Trust
Broadacres Housing Association	Livin
Cestria Community Housing	Mosscare Housing
City South Manchester Housing Trust	Muir Group Housing association
Coast and Country Housing	Peaks and Plains Housing Trust
Cobalt Housing	Process Housing Group
Community Gateway Association	Regenda Group (The)
Dale and Valley Homes	Salix Homes
Derwentside Homes	SLH Group
Durham City Homes	South Lakes Housing
East Durham Homes	Southway Housing Trust
Eastlands Homes	St. Vincents Housing Association
Equity Housing Group	Trafford Housing Trust
Four Housing	Twin Valley Homes
Golden Gates Housing Trust	Two Castles Housing Association
Green Vale Homes	Villages Housing Association
Halton Housing Group	Weaver Vale Housing Trust
Housing Pendle	Wulvern Housing
Hyndburn Homes	
Johnnie Johnson Housing Trust	