

VFM Update - Q4 2016/17

Introduction

This VFM Update covers the VFM Strategy 2017/18, Our Futures Way (OFW) initiative (designed to help the Group deliver effortless customer experiences), VFM Self-Assessments and associated actions and a national pilot to develop sector wide efficiency metrics.

VFM Strategy 2017/18

In February 2017, the Group Audit and Risk Committee in its role as VFM Champion reviewed the VFM Strategy 2017/18. The VFM Strategy addresses how the Group intends to continue meeting the requirements of the Homes and Communities Agency’s VFM Standard and how it aligns with the Corporate Plan 2016/19 (“the Plan”). The Plan defines various measures to support VFM delivery against four corporate objectives (see table below):

Corporate objective	Success measures
Effortless Customer Experiences	<ul style="list-style-type: none"> ▪ To show improvement in how easy it is for customers to interact with us. ▪ To increase our customer net promoter score (ie how many of our customers would recommend our services to others). ▪ To demonstrate improved services through use of customer research and insight. ▪ To increase our right first time service delivery. ▪ To increase the number of volunteers within our communities and the services that they offer.
Strong Organisation	<ul style="list-style-type: none"> ▪ To maintain our healthy operating margin. ▪ To maintain high employee engagement scores. ▪ To process measures which give accurate information. ▪ To demonstrate year on year improvement in the efficiency and effectiveness of our customer processes.
Great Places	<ul style="list-style-type: none"> ▪ To serve a broader range of customers through increasing our provision of alternative tenures. ▪ To demonstrate active asset management through our property development. ▪ To increase the range of partners we work with to provide appropriate services to our customers. ▪ To provide training and employability opportunities through our apprenticeships and volunteering programmes and the continued development of our training company.
Ambitious Futures	<ul style="list-style-type: none"> ▪ To have an increased number of homes available for our customers. ▪ To have actively identified and pursued a significant growth opportunity.

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Our Futures Way

The Group started its OFW initiative during 2016/17 to help support delivery of the Plan and VFM Strategy. OFW is designed to help the Group assess how it operates from a customer perspective so that it can deliver effortless customer experiences. It is being applied to transform the way in which the Group and its systems operate. OFW will also change the Group’s culture and improve its ability to change. A transformation review of support service provision was completed in Q3 2016/17. Since this transformation, the support services staff structure has been reviewed to reflect the new operating model. Throughout 2017/18 and beyond, OFW will embrace every aspect of how the Group operates and engages with its customers.

VFM Self Assessments

The Group compiles an annual VFM Self Assessment to evaluate its financial, social and environmental performance. The VFM Self Assessment 2015/16 assesses effectiveness, efficiency and economy and was incorporated into the Group’s Annual Accounts 2015/16. It is also published on the Group’s website:

<http://futureshg.co.uk/wp-content/uploads/2016/09/VFM-Self-Assessment-2015-16-for-website-v1.0.pdf>

The VFM Self Assessment 2016/17 will be completed by the end of Q2 2017/18. It will align to the Plan and be subject to review by the Board and Group Audit and Risk Committee. A final version will be published by 30 September 2016.

Progress against VFM actions - key highlights

In January 2017, the Finance Team completed a review of VFM actions. This involved streamlining actions raised through the 2014/15 and 2015/16 VFM Self Assessments, with 19 actions ongoing. The table below provides a tracking summary of VFM Actions between 2014/15 and Q4 2017. This was reported to and reviewed by the Group Audit and Risk Committee on 9 February 2017.

VFM ACTION TRACKER	Effortless customer experience	Strong organisation	Ambitious Futures	Great places	TOTAL
Brought forward 2014/15 actions	4	7	4	5	20
2014/15 actions completed	(1)	(7)	(3)	(5)	(16)
2014/15 actions undeliverable			(1)		(1)
Rolled forward actions	3	0	0	0	3
2015/16 actions	5	4	5	6	20
Actions merged into one action		(1)	(2)		(3)
2015/16 completed actions	(1)				(1)
Total actions open	7	3	3	6	19

Key areas where further work is required include:

- **Transformation:** Several actions in last year’s self-assessment related to transforming services so these actions have been merged into one. The Plan includes a three year transformation programme which is aimed at covering all services across the Group. A more detailed plan will be included in the self-assessment at the year end.

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- **Roll out unified communications platform:** This initiative commenced during 2016/17 with the launch of Skype for Business. Further activities are planned during 2017/18 including video conferencing and the launch of Orchard (housing management system) / Contact centre integration to improve contact handling times and associated customer contact information.
- **Mobile App to roll out access to accounts for customers on mobile devices:** During 2016/17 research was carried out on suppliers of such apps. The preferred option is to purchase the app from Orchard to maximise the compatibility with the existing housing management system and therefore reduce the risk of integration issues. Orchard have indicated that their app will be available to procure from Q2 2017/18.
- **To increase right first time service delivery:** This performance metric is being monitored monthly through the Group's internal performance reporting framework.

Sector efficiency metrics - pilot

A pilot scorecard to measure efficiency across the social housing sector was launched in January 2017 with Government backing and sector wide buy-in. Those backing the initiative include the Housing Minister (Gavin Barwell), the National Housing Federation and the Chartered Institute of Housing.

A working group of 15 housing associations has designed a scorecard of 15 efficiency measures to enable performance and value for money comparisons. It is proposed that the measures will span five business areas, focussing on business health, development, outcomes delivered, effective asset management and operating efficiencies. Pilot measures include:

- Change in operating margin;
- Units developed as a percentage of units owned;
- Customers value for money satisfaction;
- Occupancy;
- Ratio of responsive repairs to planned maintenance spend;
- Rent collected; and
- Social housing cost per unit.

The social housing regulator has indicated that it is looking at the potential to use some of the measures as it reviews its approach to value for money assessments. The Group has asked to be included in the pilot. Should the Group be included, the 15 measures will be included in the first available VFM Self Assessment.