

VFM Update - December 2015

The previous VFM Update covered the VFM Scorecard, development of the VFM Self-Assessment 2014/15 and the Group's Repairs Transformation Project.

This update includes further comment on the VFM Self-Assessment 2014/15, progress against key VFM actions and some information on expected procurement savings.

VFM Self Assessment 2014/15

The Board and Group Audit and Risk Committee reviewed the VFM Self Assessment 2014/15 at their September 2015 meetings. This was a revised version which reflected the impact of the Government's Summer Budget, comments from consultants KPMG and Baker Tilly (rebranded as RSM UK Group LLP in October 2015) and some previous comments from the Group Audit and Risk Committee. The VFM Self Assessment 2014/15 also incorporated key outcomes from VFM scorecards.

The Group Audit and Risk Committee invited comment on the VFM Self Assessment 2014/15 from the Group's internal and external auditors. The internal auditors (KPMG) confirmed that it sets out what the Group has done, how successful this was and that it was clearly laid out. The external auditors (Grant Thornton UK LLP) considered it to be clear and balanced.

The Group Audit and Risk Committee and Board approved the VFM Self Assessment 2014/15 at their respective meetings in September 2015.

The approved VFM Self Assessment 2014/15 forms part of the Operating and Financial Review within the Group's Annual Accounts 2014/15 and has been published on the Group's website as follows:

<http://futureshg.co.uk/wp-content/uploads/2015/09/FHG-VFM-Self-Assessment-2014-15.pdf>

<http://futureshg.co.uk/wp-content/uploads/2015/09/FHG-Annual-Accounts-2015.pdf>.

Review of progress against key VFM actions

The VFM Self Assessment 2014/15 defined future actions for the Group to take. Progress against these is summarised in the table below.

Nr	Corporate strategy	Future plans from VFM Self Assessment 2014-15	Status as at 31 December 2015
1	Asset Management	Invest a further £39m over the next 3 years in maintaining and improving homes.	Work ongoing. A new Framework Agreement 2016-2020 will be procured for planned maintenance and targeted at smaller local businesses to drive efficiencies. A video showing a successful partnership with a growing local business can be found here .

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2	Asset Management	Continue to embed the APE system to identify opportunities for asset investment or disposal and to use surpluses to subsidise business growth.	Work ongoing. The Asset Maximisation project is reviewing the Group's stock to establish the best future use.
3	Asset Management	The Group has started a transformation review of its repairs service. This focusses on the end to end customer process and is using lean techniques to identify and remove waste, deliver process efficiency and improve customer satisfaction.	Work ongoing. This project is identifying areas of inefficiency in the service which are being eliminated. This is linked to the new Corporate Plan of delivering effortless customer service.
4	Asset Management	Progress environmental improvements to achieve the ISO 14001 standard. This will help the Group to demonstrate its commitment to reducing its carbon footprint.	Complete Certificate of Registration in place for ISO 140001 (18 December 2015) The Group continues to monitor and measure its carbon footprint where measurable, for example vehicle emissions and use of recycled paint.
5	Business Growth	Set up an Investment Committee to consider all future investment decisions.	Complete Asset Investment Committee now in operation.
6	Business Growth	The Group has joined a development benchmarking club. An annual report will be available next year which will allow a comparison of costs and an assessment of whether the Group's development costs are in line with median.	Work ongoing. The benchmarking is being done with consultants and will provide data on development VFM.
7	Neighbourhoods	The Group will review tenancy management services as part of its wider transformation programme to increase customer satisfaction and reduce cost.	Work ongoing. This project is linked to delivering effortless customer service.
8	Neighbourhoods	Attract more people and re-let homes quicker by improving public perception of our offer through better marketing and communications.	Work ongoing Marketing initiatives include the use of estate agents, Rightmove and social media. Futures Greenscape is also being used to improve the offer through decorating.
9	Neighbourhoods	Improve our payment and collection process to maximise income by effectively preparing for and communicating the potential impact of Universal Credit.	Work ongoing. The Welfare Reform Group continues to review the ongoing impact of welfare reform. Publicity initiatives about benefit changes will include targeting of tenants potentially affected by the benefits cap.

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10	Independent Living	Support the health and well-being of customers by working in partnership with other sectors including health and government.	Work ongoing. This project is linked to delivering effortless customer service.
11	Independent Living	Ensure our services are competitive and meet customers' future needs.	Work ongoing. This project is linked to delivering effortless customer service.
12	Financial Health and Business Assurance	Continue to respond proactively to the Welfare Reform changes.	Work ongoing. See 9 above.
13	Financial Health and Business Assurance	Utilise the Group's funds to deliver business growth plans and tenure diversification.	Work ongoing. The refinance is expected to complete in January 2016.
14	Financial Health and Business Assurance	Commence a business transformation programme which is customer-focussed and improves efficiency.	Work ongoing. This project is linked to delivering effortless customer service.
15	Financial Health and Business Assurance	Complete implementation of a new Governance structure which moves the business from multiple Boards to one coterminous Board and reduces meeting costs and time in servicing Boards.	Complete The Group now operates a coterminous Board.
16	Social Investment	The Group will continue to utilise HACT where appropriate and other relevant measures for assessing social value and supporting delivery of employability, health and well being.	Work ongoing. All of the Group's tenders include an employment pathway to assess prospective contractors' delivery of corporate social responsibility.
17	People	The Group is piloting the '6th generation' of the Investors In People (IIP) framework and assessment process.	Work ongoing. The aim of this work is to achieve IIP Gold status.
18	People	The Group is looking to recruit 4 graduates during 2015/16.	Work ongoing. The Group has recruited 3 graduates via the Charity Works Programme and is currently advertising for a 4 th graduate, with a view to starting employment in quarter 4.
19	People	Continue to invest in the training and development of team members.	Work ongoing. See also 17 above.
20	People	Support our communities with opportunities for training and development through our training partner Access Training.	Work ongoing. The Group's procurement channel promotes the use of Access Training for back office training, in line with the employment pathway.

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21	Customer Access and Insight	Roll out of a unified communications platform to deliver business efficiencies for the benefit of tenants, employees and other stakeholders and to offer improved choice and satisfaction for customers.	Work ongoing. To support delivery, the Group is developing a 12 month project plan. In addition, a unified communications contract for hardware and software was put in place in September 2015.
22	Customer Access and Insight	Development of a mobile app to enable further roll out of Your Account to customers via mobile and tablet devices.	Work ongoing. The Group plans to use an IT solutions company (Documotive), to support the app development.

Expected procurement savings

The Group expects to make various procurement savings during 2015/16, examples of which include:

- Materials efficiencies through changing materials brand rather than specification (circa £90k per annum)
- 3 year energy contract (circa £80k per annum / £0.24m over contract life)
- Asbestos surveys (circa £40k per annum / £0.2m over 5 years)
- The Group's out of hours calls contract has been re-tendered with expected savings of £20k per annum (£0.1m over 5 years)