ARCON HOUSING ASSOCIATION

VALUE FOR MONEY SELF-ASSESSMENT 2016

One of Arcon's strategic values and objectives is to ensure that we improve and enhance the quality of our service delivery whilst maintaining a strong financial position and delivering Value for Money (VFM). To demonstrate how this is achieved the Board carries out an annual self assessment which is split into 4 sections:

- Section A – our approach to VFM including details of our stakeholders, use of benchmarks and analysis of cost and quality and an overview of funds generated and spent.
- Section B – our assets – stock condition and returns – including details of asset categories and returns, survey information and our asset management strategy.
- Section C – our past and future VFM gains in meeting our nine strategic values and objectives including performance information on cost and quality with peer comparatives.
- Section D – our overall opinion in respect of complying with the Homes and Communities Agency's VFM Standard and achieving our VFM objective.

Section A - Arcon's approach to Value for Money

The Board recognises that a VFM ethos and culture in the Association is essential for ensuring that our values and objectives are achieved to optimal effect and that economy, efficiency and effectiveness combine to provide the highest standard of quality and generate social value.

Each year the Board agrees a Business Plan which sets out, over a 5 year period, how we plan to meet our strategic objectives and each year the Board carries out a VFM assessment, in conjunction with our Tenant Scrutiny Committee, to monitor our success in achieving these objectives.

Our VFM strategy has the key aims of ensuring that we are:

- Carrying out the right activities and using the right resources to deliver our values and objectives.
- Investing in the right housing and operational assets.
- Delivering the right outputs and effective business operations.
- Achieving the right outcomes and evaluating the effectiveness of achieving our values and objectives.

Through delivering VFM for Arcon, we also deliver VFM for our stakeholders, whether that be:

- Our tenants by providing quality homes at an affordable rent.
- The local authorities where we operate, by meeting the housing and other support needs of their residents.
- Our funders by maintaining a financially viable business that is able to service and repay loan funding.
- The Social Housing Regulator by meeting our commitments to build new homes under the Affordable Homes Programme and by utilising our surpluses to build extra development capacity.

- The taxpayer by providing housing at subsidised rent levels to reduce the cost of housing benefit.
- Our staff by being an employer that recognises and develops staff to provide the best service possible.

Arcon approaches VFM through its comprehensive performance monitoring framework. Our performance is assessed against key indicators, through HouseMark and other benchmarking exercises, and tenant involvement such as satisfaction surveys, scheme meetings and Tenant Scrutiny Committee reviews. Performance is regularly reported to key stakeholders including Board members and tenants via a range of methods including our annual report. The Board also receive assurance regarding the quality of the service provided by means of Arcon's accreditation under the ISO 9001:2008 quality standard as well as from internal and financial audits.

Arcon remains committed to delivering Value for Money in the provision of services to tenants and continuously strives to improve performance in terms of both cost and quality. Our aim is to be in the top quartile when compared with other Housing Associations (i.e. we are in the top 25% for having low costs or good performance) and our use of the HouseMark benchmarking service is critical in this process. The comparator group of Housing Associations we use was reviewed during 2014/2016, and a group containing 38 members has been chosen. Although the majority of the members of this group are larger organisations than Arcon, this benchmarking group affords us the most appropriate means of comparing the cost and quality of our service provision against organisations working in similar regions and from a similar operational background to ourselves. We have also benchmarked our costs using the HCA's 2016 Global Accounts of Housing Providers, using the data from Associations with under 5,000 units as a peer group (provided by the HQN Global Accounts model).

In addition to improving and enhancing our service delivery to tenants, the Board sees the other key outcome of an effective approach to VFM as being the maximisation of the amount of surplus we generate from our business so that this can be re-invested in to our existing properties as well as being used to invest in the building of new homes in conjunction with the proceeds from property sales, government grants and loan finance.

The table below summarises the surpluses/cash generated and spent on these activities during the last 5 years:

Generated/Spent	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Operating activities	1,629	1,703	1,629	1,528	1,257
Property sales	100	170	447	490	587
Government Grant	334	624	395	808	3,889
Loan finance (net of repayments)	1,089	(414)	(374)	4,535	3,885
Total Generated	3,312	2,083	2,097	7,361	9,618
Reinvestment into existing properties	844	1,153	789	907	874

Investment into new homes	2,187	2,297	2,431	3,977	8,347
Total Spent	3,031	3,450	3,220	4,884	9,221
Current Return on Public Capital Invested (rolling 3 year average)	9.0%	9.0%	9.9%	9.2%	5.1%
Historic Return on Public Capital Invested (rolling 3 year average)	73.9%	60.9%	51.4%	54.8%	59.6%

The Return on Public Capital Invested (RPCI) can be used to demonstrate the return Arcon provides on the Social Housing Grant it receives. The Current RPCI effectively measures the level of self-financed additions in the year and the Historic RPCI provides an indicator of the total return on public investment in the organisation. Our Current RPCI of 9.0% compares favourably to the average 5.3% return found by Savills when they analysed the accounts of 88 housing associations.

In June 2016, the HCA published data on cost variations across the social housing sector. Their analysis of our 2014/2015 accounts has allowed us to calculate the equivalent comparative figures for 2015/2016:

	Cost per social housing unit in management					
	Headline social housing cost	Manage-ment	Service charge	Maintenance	Major repairs	Other social housing costs
Arcon						
2015/2016	£3,080	£984	£168	£845	£973	£109
2014/2015	£3,240	£820	£180	£860	£1,300	£80
Sector level data						
Upper quartile	£4,300	£1,270	£610	£1,180	£1,130	£410
Median	£3,550	£950	£360	£980	£800	£200
Lower quartile	£3,190	£700	£230	£810	£530	£80

As can be seen, overall the cost per unit has been reduced from the previous year where we already compared favourably with the sector. Our costs are now lower quartile based on the latest benchmarking results available. Our major repairs programme has reduced over the last twelve months, but remains towards the upper quartile. Our stock condition survey forms the basis of our major repairs programme, which ensure our properties meet decent homes standard, and helps to reduce the running costs for our tenants with more energy efficient boilers and new upvc double glazing. We have had to end a complete refurbishment programme costing £310k per annum of some of our older stock in Eccles due to reduced rental income following the -1% rent cut. All future works will revert back into the planned maintenance programme.

Arcon adopts a variety of procurement methods to ensure that we achieve the right balance between cost and quality and employs companies and organisations that see the furtherance of Arcon’s values and objectives as an important part of their own business. The Board ensures, through our Treasury Management strategy, that we have a strong relationship with our bankers and funders and have the necessary facilities in place to achieve our development objectives.

Arcon has continued to explore opportunities for business expansion and efficiencies through partnering with other organisations but remains firmly committed to retaining corporate independence as the best way of fulfilling all of its strategic objectives. During 2015, the Board conducted a strategic options appraisal which reaffirmed this position. To support this decision, Arcon adopted its own Merger Code establishing criteria for considering potential mergers in the future.

Arcon, as a relatively small Housing Association operating in a city centre location with dispersed stock, has a relatively high overhead cost when compared to other larger or more localised Housing Associations. The Board has consequently agreed that one of our key VFM strategic aims is to reduce overhead costs as a percentage of turnover.

Section B – Arcon's assets – stock condition and returns

Arcon classifies its assets into 7 categories for reporting and performance management purposes:

1. Social Housing – housing built by us as new, or bought by us already built and then refurbished, for rent at social housing rents – mainly acquired in the 1970's and 1980's and refurbished in 1990's and 2000's.
2. Intermediate Rent – housing bought by us already built and then refurbished as part of the government's mortgage rescue scheme for rent at 80% of market rents – acquired in 2011 to 2013.
3. Affordable Rent - housing built by us as new for rent at 80% of market rents – acquired from 2012 and onwards.
4. Shared Ownership - housing built by us as new for sale on a shared ownership basis and rented at 2.75% of unsold equity – acquired from 2006 and onwards.
5. Specialist Housing – housing built by us as new or acquired already built and refurbished, for let by lease or management agreement to a care provider – acquired from 1990 and onwards.
6. Market Rent – housing built by us as new or acquired already built and refurbished for let at a market rent – acquired from 1998 and onwards.
7. Managed Properties – housing built/acquired by other organisations and let at subsidised rents and managed by us for a management fee.

The table below shows for each class of asset (as at 31/03/16), the total number of properties, the total cost of investment, the total grant received, the net operating surplus generated (before interest and property sales) and the net operating surplus before interest as a percentage of relevant turnover. For managed properties the surplus figure represents the management fee receivable by Arcon.

	No.	Cost £'000	Grant £'000	Surplus £'000	Return 2016	Return 2015	Return 2014	Return 2013
Social Housing	944	41,175	20,985	1,139	25.03%	31.03%	30.70%	22.50%
Intermediate Rent	72	9,414	5,377	198	38.00%	41.02%	42.00%	66.80%
Affordable rent	66	8,653	1,658	182	46.67%	47.27%	38.40%	72.00%

Shared Ownership	43	4,024	736	96	33.16%	23.60%	24.90%	26.90%
Specialist Housing	48	3,146	177	22	9.57%	-72.19%	-8.60%	0.80%
Market Rent	21	2,639	0	93	60.00%	37.20%	36.00%	17.20%
Managed Properties	34	n/a	n/a	26	n/a	n/a	n/a	n/a
Total	1,228	69,051	28,933					

We have a comprehensive Asset Management Strategy which covers all categories of housing and which seeks to ensure that we are making the best use of our assets and whether there are alternative options that would generate better value for Arcon's business operations.

The basis of our Asset Management Strategy is the stock condition survey which currently holds data on 100% of the Association's properties. The stock condition surveys give details, amongst other things, of the property's original construction, condition and expected life of key building components, SAP & EPC ratings and environmental information, and whether it meets the Decent Homes standard. It forms the basis on which planned maintenance is programmed and allows the Association to forecast and manage its repairing liabilities, feeding this information through to the long-term business plan. The stock condition survey database is continuously updated with repairs and maintenance works carried out by the Association's appointed contractors as well as with surveys and other information by the Association's maintenance department.

In order to efficiently and actively manage its assets, the Association regularly carries out option appraisals in respect of individual properties and the different classes and types of property it owns. The options open to the Association in each case will normally consist of continuing to let the property with or without major repairs or refurbishment, selling it or transferring the property to another Housing Association. Option appraisals, whilst being undertaken in the overall context of the Association's long term viability, do not evaluate options purely from an economic standpoint but also take account of the need to fulfill social and community obligations. Option appraisals will consider the historic demand for the property involved and the sustainability of tenancies in the area as well as Local Authorities' and other Housing Associations' neighbourhood and stock rationalisation plans.

Social Housing properties make up 77% of our property portfolio and most of these were built by us and have been in our management now for over 25 years. The stock condition information on these properties is very detailed and comprehensive and a well established programme of major repairs is in place to ensure that repairing liabilities are identified and dealt with an efficient way. The intermediate rent properties are individual houses that were acquired piecemeal from 2011 to 2013 In respect of the affordable rent, shared ownership, specialist housing and market rent properties these have all been built or refurbished by us in the last 20 years and detailed stock condition information is held and is up to date.

Of the 944 social housing properties, 166 are terraced properties in Gorton and Levenshulme which are of a pre 1919 construction and were originally refurbished by ourselves in the 1970's and 1980's. For the last 10 years we have, in consultation with the Local Authority, been selling approximately 4 of these properties each year after carrying out option appraisals which showed higher than average repairing liabilities and low demand. We have identified a further 40 properties that fall into this category and plan to continue selling approximately 4 per year when they become void.

We sold 2 intermediate rent properties in 2013/14 because of poor condition and anticipate making further limited sales of these properties in the future, either because of poor condition, or to take advantage of market conditions to realise a surplus and reinvest in new development schemes.

We also look to sell on a shared ownership basis social housing for rent flats on developments where there are a significant number of leaseholders because of previous right to buy sales and where open market values are typically higher than average.

We are working hard to ensure our properties remain affordable to our tenants, in terms of the rent we charge and also the running costs. In the last two years we have utilized ECO funding to complete solid wall insulation to 63 properties which had low SAP rating. This funding has been substantially reduced and no further works are planned. We have trailed the oxypod, combi smart and voltage optimisation unit on four properties, but the savings were not found to be significant. The installation of energy efficient LED lights in the communal areas of our flats has led to reduction in energy costs which is reflected in lower service charges to our tenants. A member of staff has been trained to provide energy audits and advise on fuel usage to our tenants, but to date there has been little opportunity for visits to be completed.

The return on our specialist housing activities has historically been at just under 10% but in recent years had dropped to 0.8% and recorded a loss in 2014/15 of 72.2%. It is pleasing to note that the return has now increased to just over 9.5%. This was caused by a reduction in income from our mother and baby hostel at Marillac House. This has now been refurbished and let to Manchester City Council in February 2015 as a hostel for adults who have a physical and/or sensory disability, acquired brain injury or learning disability. The residents moved into the scheme over several months and it is fully let. There is a weekly charge of £129.29 for a studio flat and £139.29 for a one bed flat and the residents have full entitlement to housing benefit, The gross rent for the scheme is £67.187 and after some void rent loss whilst the residents had a phased move in we received a net rent of £54,972.

Manchester Council gave notice to terminate the lease on another of our supported housing schemes at 228 Ryebank Road. The lease ended at the end of March 2016, and after an unsuccessful search for another supported housing partner, our Board have decided to sell the property which is valued at £425,000.

Work on updating our stock condition survey was completed in late 2015/2016 and will now use that data to update our asset modelling programme (PAVE) that provides us with a Net Present Value for all our properties on an individual basis to allow us to better understand the comparative returns made by all of our assets at a granular level. We will also link the results of this to our Assets and Liabilities Register as part of our active Asset Management Strategy.

Section C - Past and future VFM gains in meeting Arcon's Values and Objectives

The information provided in the tables below is extracted from Arcon's data submitted to HouseMark for 2016, 2015, 2014, 2013 and 2012. The Benchmark figures in the tables represents the Quartile 1 figure that we aim to achieve to be in the top 25% of Housing Associations and the Quartile figure represents Arcon's position in 2015 (CPP = Cost Per Property). The STAR survey results refer to an independent survey of all our tenants undertaken by Kwest in April 2013 and which uses quartile positions from HouseMark's STAR benchmarking service report. Comparatives for 2012 relate to an independent STATUS survey carried out by Kwest in 2010.We recognise that this data has become dated and will investigate new survey options which will give us a better indication of tenant satisfaction going forward.

1. Housing people in housing need in liaison with local authorities, care providers and other agencies.

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Tenancy turnover	8.6%	10.8%	11.2	8.8	9.6	5.26	2
Direct CPP of lettings	54.85	46.53	70.45	56.81	59.50	36.69	4

- All of the twelve bed spaces at Marillac House have been let.
- We have helped 2 tenants move via a mutual exchange, and there were 8 transfers within our own stock. We have signposted existing tenants to various regional Choice Based Lettings schemes where we have not been able to assist with a move to alternative accommodation.
- Tenancy turnover has reduced to 9.64%.

The year ahead:

- Market our former supported housing scheme at 228 Ryebank Road, and use the proceeds to further our objectives in the corporate plan.
- We will continue to assist our tenants who need to move or downsize. We will promote Homeswapper for mutual exchanges and also moves via the various Choice Based letting schemes to provide access to our stock to people in housing need.
- We will work with Salford council to let our new build scheme at Bradburn Road, with 12 properties for Affordable Rent and 2 for sale on a shared ownership basis.

2. Maintaining and investing in properties to achieve the highest standards

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Total CPP of major works/cyclical maintenance	1,352	1,388	1,448	1,392	1,510	898	4
Total CPP of responsive repairs and void works	660	655	609	587	673	675	1
Percentage of repairs completed on time	99.9	99.8	98.9	99.6	98.8	N/A	N/A
Percentage satisfied with repairs and maintenance – STAR	87	87	87	87	89	87	1
Percentage satisfied with overall quality of home – STAR	89	89	89	89	91	89	1

- We spent £961K on major repairs against a budget of £1.16m, with savings made by better tender returns and several properties not requiring full replacement of components.
- We are working with local partners to maximise economies of scale, but we have not been able to complete the joint procurement of a scheme to date.
- We offered a broader range of replacement components to our customers to include kitchens, bathrooms, colour choices on cyclical works etc.
- We did not complete surveys on properties which have more than 6 repairs in any 12 months to identify any complaints and reduce future repairs costs. We will review whether this remains a priority going forward.

The year ahead:

- We will continue to improve our properties by spending £134k on cyclical maintenance which will include painting and an electrical testing programme up grading appliances if required.
- We will continue to work with other partners to identify opportunities for joint procurement and make savings through economies of scale.
- We will continue to improve our properties through our major repairs programme of £688k which will include programmes to replace, boilers, kitchens, bathrooms, windows, roof renewal front door replacement and a lift replacement.

3. Keeping rents and other housing costs for those in housing need at affordable levels

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Percentage satisfied with value for money of rent - STAR	89	89	89	89	90	86	1
Percentage satisfied with value for money of service charge - STAR	81	81	81	81	n/a	80.5	1
Average SAP rating	72.6	72.6	71.5	71.4	71.5	74	2

- We identified four tenants who trialled various energy efficiency measures, including the oxypod, combi smart and voltage optimisation unit but the results were inconclusive. No further works will be undertaken.
- We have trained a staff member to DEA qualification, but there has been little opportunity to provide specific advice to tenants.
- We will continue carrying out energy audits to obtain data on stock.

The year ahead:

- We will continue to explore methods of reducing energy consumption for our customers.
- We will complete our major repairs programme, and aim to increase the average SAP rating of our properties.

4. Maximising rent collection and minimising rent losses through properties being void

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Direct CPP of rent arrears and collection	70.92	59.19	65.86	59.07	64.63	80.45	1
Current tenant arrears as percentage of rent due	2.85%	2.78	3.06	2.88	2.84	2.68	2
Gross arrears written off as percentage of rent due	0.49%	0.17	0.20	0.58	0.22	0.18	3
Average time in days to relet empty properties	16.6	17.4	20.0	19.7	17.6	16.45	2
Average cost of a void repair	1,528	1,314	1,329	1,667	1,594	1670	1

- We have 27 tenants who are in receipt of Universal Credit. The cash collection rate is 97.51% whilst the rent arrears for this cohort is 6.38% with an average debt of £249.
- We have 1047 tenants who are not affected by Universal Credit. The cash collection is 99.85% whilst the arrears for this cohort are 2.76%, with an average debt of £68.
- We have worked with a variety of external agencies such as Step Change (a national debt advice charity) and CAB to provide support to our tenants to help them pay their rent and sustain their tenancies.
- Void relet times and rent arrears have reduced and remain upper quartile without any increase in resources. Gross arrears written off has increased from 0.20% to 0.49% but remains within our business plan target.

The year ahead:

- We will continue to monitor the effect on our arrears of the roll out of Universal Credit, and assess its impact on our allocation of resources.
- We will review role of our housing management team, and introduce new methods of working to maximise our resources.
- We will seek to keep void relet times, rent arrears and bad debt levels at top quartile levels without incurring any extra additional costs.

5. <u>Investing in new sustainable developments and business opportunities</u>

The year under review:

- We completed the construction of 7 3-bedroom 5-person homes at Ravensfield, Dukinfield which were all successfully let through nomination from the local authority.
- We completed the construction of 6 – 3 bed homes at the former St Andrews church in Droylsden as part of the AGHP 2013/2015 programme. All of the properties were let via nominations from the local authority
- We commenced the construction of 14 houses (11 no. 2 bed houses, 2 no. 3 bed houses and 1 no.4 bed house) with 12 houses for affordable rent and 2 for shared ownership at Bradburn Road, Irlam.
- We have utilised timber framed construction methods at both St Andrews and Bradburn Road and aim to reduce our carbon footprint for future developments by scrutinising the ways we build our homes.

Scheme	Contract sum	Actual £/m2	BCIS TPI data £/m2
Edge Lane – 6no 3 bed houses	£556,309	1,070	1,151
Ravensfield- 7 no 3 bed houses	£816,5000	1372	1327

The year ahead:

- Our Board are reviewing the current AHP2 development programme.
- We will complete with the construction of 14 houses (11 no. 2 bed houses, 2 no. 3 bed houses and 1 no.4 bed house) with 12 houses for affordable rent and 2 for shared ownership at Bradburn Road, Irlam, with handover due in September 2016.
- We will commence the construction of a site at Arbroath & Bailey Street building 5 x 2 bed homes at a cost of £551,604 (before grant)for Affordable Rent.
- We will commence the construction of a site at Humphrey Road building 4 x 2 bed homes for sale on a shared ownership basis. The cost before grant will be £457,468.

6. Improving and enhancing the quality of service delivery whilst maintaining a strong financial position and delivering value for money

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Overheads costs as percentage of adjusted turnover	17.16	17.82	17.45	17.55	18.25	12.12	4
Overall satisfaction with services provided – STAR	90	90	90	90	89	90	2
Management costs per social housing unit (HCA Global Accounts)	984	£818	£818	£846	£838	£1270	1

- We have continued to promote the uptake of direct debit payments with 392 tenants using this payment method at the end of the year compared to 337 at the start.
- We have continued to improve reporting systems to manage and control costs focusing on overhead costs in order to reduce overheads as a percentage of adjusted turnover, particularly in light of increased pressures on the sector following the rent cut announced in 2015.
- It is recognised that our overhead costs are high when compared to other associations and this is in part due to the rent paid on our city centre office. We have the option to end of office lease in late 2017. During the year we concluded we would relocate to another existing building, rather than build an office, in a more affordable location and nearer our stock.
- We began a review of our vision, values and objectives to ensure that Arcon has clarity on what it wants to achieve in the future, especially when taking account of the impact of the cut to rental income as announced in the recent Budget.

The year ahead:

- We will continue promoting the uptake of direct debit payments, including contacting tenants who pay by standing order to advise them of the advantages of changing payment methods.
- We will continue to improve reporting systems to manage and control costs and provide training to budget holders to ensure they effectively manage their budget responsibilities
- We will identify alternative office accommodation at a more affordable rent with the aim of moving there before the option to end the lease in late 2017.
- We will complete the review of our vision, values and objectives with an updated Corporate Plan to be agreed by the Board in August 2016.
- We will introduce a Customer Hub which will provide a one stop service for our customers, improving how we handle in coming calls. This will be completed without any extra resources.

7. <u>Ensuring effective resident scrutiny and resident involvement in decisions that affect their homes</u>

The year under review:

Indicator	2016	2015	2014	2013	2012	Benchmark	Quartile
Direct CPP of resident involvement	47.32	48.42	53.75	53.68	54.67	43.02	2
Percentage satisfied that Arcon listens to tenants views and acts on them - STAR	75	75	75	75	80	76.00	M

- The Tenant Scrutiny Committee completed a review of how Arcon deal with complaints of Anti Social behaviour making 5 recommendations for improvement.
- The Tenant Scrutiny Committee completed a review of our Deeplake texting system which is used to communicate with tenants, making 9 recommendations for improvement.
- We completed 31 estate walkabouts across our schemes and produced actions plans where appropriate.
- We completed a satisfaction survey on the services we provide such as gardening, cleaning, caretaker service and estate services officer which saw an increase in tenant satisfaction across all services.

Service	2015	2014
Cleaning	95%	88%
Gardening	93%	90%
ESO	91%	86%
Caretaker	91%	89%

- We recruited an apprentice for the Estate Services Officer. We have not implemented a handy man service and this will be reviewed to ensure that this is the best use of this extra resource.

The year ahead:

- The Tenant Scrutiny Committee will review the written communication that is sent out to our tenants such as the newsletters and the annual report, and decide whether the current

format is provides the relevant information our tenants want, and represents value for money.
- We will review our offer of estate walkabouts to ensure they are relevant and provide value for money.
- We will survey our tenants for satisfaction with the condition of their property, and with services we provide such as gardening, cleaning, caretaker service and estate services officer. We will review the way we complete the surveys and consider using other methods such as text or e-mail.
- We will review the estate services officer service, and decide whether to implement a handy man service, or use this resource to reduce costs on void clearances.

8. <u>Investing in communities , neighbourhoods and people and promoting good relations with suppliers, contractors, agents, local authorities and other partners</u>

The year under review:

Indicator	2016	2015	2013	2012	2011	Benchmark	Quartile
Total CPP of estate service	216.16	229.79	218.72	226.00	253.72	128.75	3
Percentage satisfied with area as a place to live – STAR	89	89	89	89	87	88	1

- We launched the new Arcon Community Fund which has a budget of £25K.We received 40 applications for funding, and were able to support 25 diverse projects across the region.
- We provided free IT training to another 8 tenants across our stock to help improve computer literacy.
- Five members of staff took up the opportunity to do a day’s voluntary work with the Friends of Blackley Forest.
- We supported the work of the east Manchester Wardens who completed re-assurance and advice visits to our over 55’s scheme at Thomson and Wilton Court. These schemes have also benefitted from the services of a mobile warden service provided by Johnnie Johnson HA, and has helped 54 of our tenants live independently.

The year ahead:

- We will offer free IT training to another 8 tenants across our stock to help improve computer literacy.
- We will continue to work with the East Manchester wardens and the mobile warden service to provide extra security and support to our tenants in Gorton and Denton.

9. <u>Ensuring the continued committed involvement of well trained, skilled and experienced Board and Committee members and staff</u>

The year under review:

- We carried out a survey of all our staff to establish levels of satisfaction with Arcon as an employer and identify any areas for improvement. The key issue highlighted by the survey was the need for improved communication.
- Our building surveyor has completed training on management of asbestos in buildings course to level P405.

- All staff received safeguarding training to help them to identify any issues of concern with our tenants.

The year ahead:

- Following our staff survey results, we will introduce a monthly team briefing meeting to keep staff fully informed and up to date with news and changes at Arcon.
- We will carry out a full Governance review to ensure compliance with latest good practice standards and carry out a full skills analysis of our Board to aid future recruitment of Board members.
- All members of the housing and maintenance team will undergo asbestos awareness training.

Section D – Overall opinion

The VFM Standard, as published by the Homes and Communities Agency, requires Arcon as a Registered Provider to:

- Have a robust approach to making decisions on the use of resources to deliver our objectives, including an understanding of the trade offs and opportunity costs of our decisions.
- Understand the return on our assets, and have a strategy for optimising the future return on assets – including rigorous appraisal of all potential options for improving VFM including the potential benefit in alternative delivery models – measured against the organisation's purpose and objectives.
- Have performance management and scrutiny functions which are effective at driving and delivering improved VFM performance.
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

To demonstrate how we are meeting this standard, this self assessment should:

- Enable stakeholders to understand the return on assets measured against our objectives.
- Set out the absolute and comparative costs of delivering specific services.
- Evidence the VFM gains that have been and will be made and how these have and will be realised over time.

The Board is of the opinion that Arcon has achieved the requirements of the VFM standard and has firmly established a true VFM ethos within the Association.

Following the announcements in the July 2015 Budget regarding the 1% rent cut for four years, it has been recognised that we need to continue to achieve further VFM improvements if we are to maximise the impact of all the resources available to us for the building of new homes, the improvement of existing ones and the enhancement of the services that we provide. The business plan has been updated to reflect achievable savings plus now includes the latest information from the stock condition survey which has also been subject to scrutiny. As a result, Arcon has been able to offset much of the impact of the reduction in rental income. However it is recognised that as the impact of the rent cut on the long term business plan has a significant cumulative effect, the Association needs to ensure VFM remains a priority and that we also identify new ways of working to improve efficiencies plus provide additional income to the business.