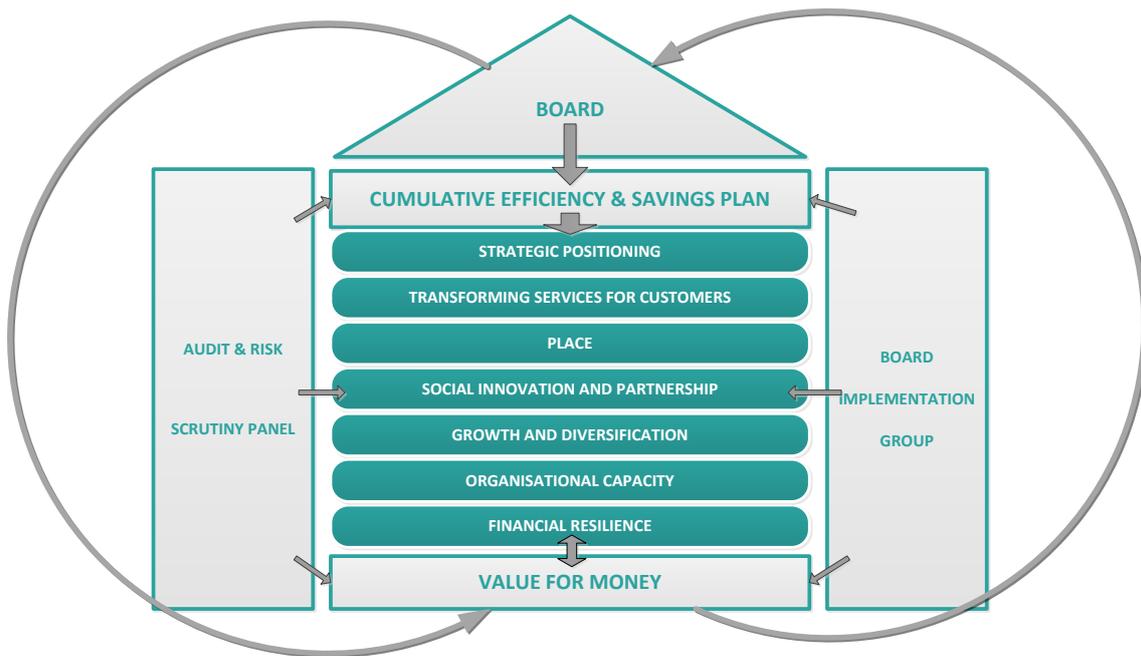




Value for Money Strategy 2017-2021



Introduction

One Manchester was launched in April 2015 when City South Manchester Housing Trust and Eastlands Homes joined together in partnership. We are a unique social business that looks to innovate new approaches and partnerships to tackle the issues our neighbourhoods face. Together, we manage a wide range of neighbourhoods, and over 12,500 homes, across South and East Manchester.

One Manchester is a connector and enabler of change, improvement and opportunity in our communities, bringing social value to all that we do. Our vision is:

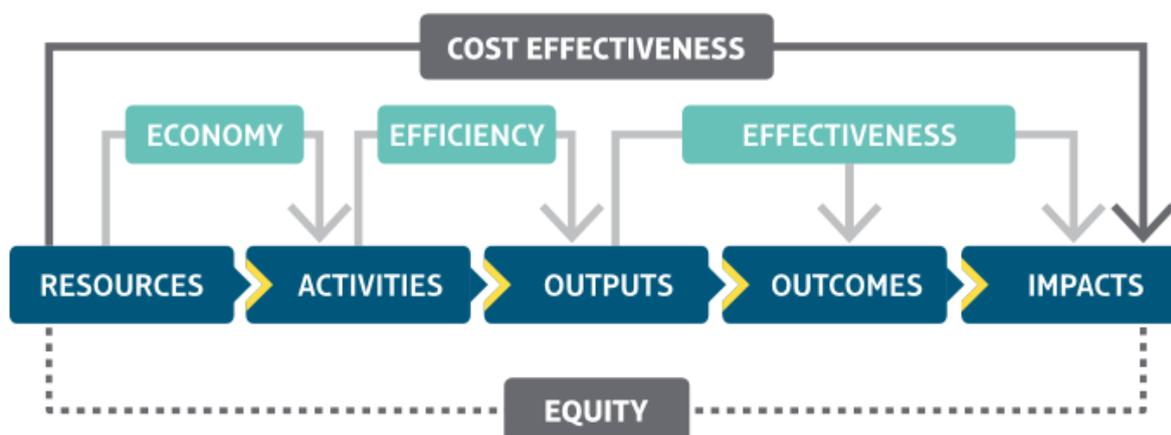
'To lead, deliver and inspire social innovation across Manchester and the region. We will be a trusted and dynamic business, providing clear direction that creates positive change in our areas. We will provide quality homes and shape services that improve people's lives and attract further growth and investment. We will use our skills and resources to build resilient, thriving communities.'

Our Strategic Plan is made up of 7 priorities as follows;

- Strategic Positioning – for One Manchester and our customers to have a voice in, and a share of, Greater Manchester's growth and success
- Transforming Services for Customers – to deliver modern and efficient services for our customers in the way they want and expect them to be delivered
- Place – invest in people and manage our neighbourhoods effectively, so that they develop, grow and thrive
- Social Innovation and Partnership – link together our knowledge and skills with those of our communities and partners, in new and imaginative ways, to improve opportunities for our customers
- Growth and Diversification – to provide good quality homes that are affordable for customers to rent or buy
- Organisational Capacity – ongoing investment in our people and systems to ensure they are fit for purpose to deliver on our promises
- Financial Resilience – to generate and protect our income so that we can reinvest it into services and products that help our customers

Value for money is a cross cutting theme in all areas of our business and is demonstrated through our Strategic Plan objectives. We believe VfM is obtaining the best value from our available resources to enable us to deliver better services, more homes and successful communities whilst creating and maximising social value.

We use the following 4E criteria to assess VfM:



- Economy – delivering our services on budget, on time and within other resource constraints. We must be able to demonstrate we have procured services and resources at the lowest cost without harming quality – **spending less**
- Efficiency – ensuring we get a good return on the money and resources we invest in our services. We must be able to show the value of what we have obtained in terms of what we have invested – **spending well**
- Effectiveness – the extent to which we have delivered what we set out to do. We must be able to show we have achieved everything we intended in relation to the total cost we put in – **spending wisely**
- Equity – the extent to which services are available to and reach all people for whom they are intended. We must be able to evidence that all services and benefits are distributed equally – **spending fairly**

National Context

A number of significant changes have taken place which will continue to have a considerable impact on the housing sector for the foreseeable future. These changes include:

- ✚ Reduction in social housing rents by 1% from 2016 until 2020 with the ongoing uncertainty of growth in rents after that
- ✚ Right to buy extension and its potential impact on our asset base
- ✚ Welfare reform
- ✚ An increased regulatory focus on governance, viability and VfM
- ✚ Brexit and the lack of clarity as to what impact leaving the European Union will mean for the housing sector
- ✚ Rising inflation is forecast for the life of this strategy – a decrease in purchasing power due to a rise in prices across the economy
- ✚ Devolution to the Greater Manchester Combined Authority with a new, directly elected Mayor having control of a £300m fund for housing – equal to an extra 15,000 new homes over 10 years

In response the sector has to manage its business in a more commercial and innovative way with a greater emphasis on using capital, assets and revenue streams more effectively. The requirements of the Social Value Act 2012 require providers to consider how the services they commission and procure can maximise the impact they have in their communities, wider society and on the environment.

Our Value for Money Approach

- To enhance the return on our assets focussed on our growth programme, our existing housing stock but also encompassing our offices and our people
- Make best use of our money by buying intelligently, reviewing our procurement and contract management arrangements
- Increase productivity focussed on the best use of information systems and technology
- Maximise income on both commercial and social rental elements
- Improve the efficiency, quality and performance of our maintenance service
- Achieve growth without a corresponding increase in our overheads

To support our strategic aims One Manchester has eight VfM objectives.

VfM objective 1 – Our Savings Plan

- The merger – efficiencies brought about through rationalisation of posts, duplication in service delivery, and increased purchasing power and to take out organisational duplication including offices, systems and equipment
- The four year 1% rent reduction – recast pre-merger 30 year business plan to achieve a recurrent annual saving of £9.08m by 2020/21
- Improved income recovery – effectiveness in recovery processes and the introduction of streamlined / automated processes
- New ICT systems will deliver service efficiencies and smarter ways of working to support our future operating model
- Pay increases – capped at 1%
- Budget setting - cashable savings embedded within budgets with associated action plans to achieve savings targets until 2020/21
- Strong progress to date with £7.41m recurrent savings delivered by March 2018 against our overall £9.08m target as at March 2021

	3	4	5	6	Current Achieved	Total
	2017/18	2018/19	2019/20	2020/21	(Annualised)	Cumulative
	£'000	£'000	£'000	£'000	£'000	£'000
Identified items in amended Business Plan		570	370	250		1,190
Staff savings		0	0	0		0
Identified savings from Projects		253	350	0		603
Savings from general departmental budgets		0	0	0		0
Efficiencies & improvements (Digital by Design, performance improvements)			368	0		368
Total savings required 2018/19 to 2020/21		823	1,088	250		2,161
Savings achieved to date at 2017/18 budget	7,418				7,418	7,418
Recognising savings achieved in excess of savings plan target	(223)	(268)			0	(491)
Total cumulative savings at 2020/21 from Savings Plan	7,195				7,418	9,088

VfM objective 2 – Our Costs

- Understanding our costs for delivering services, the quality this provides and how we compare with others
- We have a vigorous decision making process in place to challenge what we spend, how and why
- By utilising the ‘headline social housing cost per unit’ (CPU), we can see how we fare with others in the sector. Using this methodology, One Manchester’s costs were just over the sector’s median cost of £3,550 at £3,620 for 2014/15.

	CSM	EH	OM	One Manchester £'000/Unit - Actual 2015/16 Costs and Projected Costs 2016/17 to 2020/21									
	2014/15			2015/16		2016/17		2018/19		2019/20		2020/21	
	CPU			CPU	Estimated Quartile Position	CPU	Estimated Quartile Position	CPU	Estimated Quartile Position	CPU	Estimated Quartile Position	CPU	Estimated Quartile Position
Management	0.73	1.23	1.05	1.27	●	1.10	●	1.10	●	1.07	●	1.04	●
Service Costs	0.29	0.16	0.21	0.20	●	0.22	●	0.23	●	0.23	●	0.24	●
Maintenance	1.02	0.81	0.88	0.76	●	0.67	●	0.68	●	0.70	●	0.69	●
Major Repairs (incl. Capitalised)	0.56	1.88	1.41	0.32	●	0.46	●	0.48	●	0.78	●	1.19	●
Other Costs	0	0.11	0.07	0.27	●	0	●	0	●	0	●	0	●
Headline Social Housing Cost	2.59	4.19	3.62	2.82	●	2.44	●	2.49	●	2.78	●	3.16	●
HCA Sector Data - 2014/15													
		Management	Service Costs	Maintenance	Major Repairs	Other Costs	Headline Social Housing Cost						
Upper	●	1.27	0.61	1.18	1.13	0.41	4.30						
Median	●	0.95	0.36	0.98	0.80	0.20	3.55						
Lower	●	0.70	0.23	0.81	0.53	0.08	3.19						

Please note:

The estimated quartile positions are based on the HCA sector data for 2014/15 and as with the previous table are an indication as to where the organisation would sit without using mid-upper and mid-lower markers.

Whilst this details the actual business efficiency measure for 2015/16 it also projects forward how we believe our cost performance will evolve. The 2016/17 – 2020/21 projections are drawn from our 30 year business plan.

Across the sector there is considerable variation in unit costs with around 50% of variation explained by key measured factors including supported housing; regional wages; stock transfers, housing for older people; neighbourhood deprivation and decent homes work.

It is a strategic priority to develop a greater understanding and challenge of our overall cost base, in which we will take a more active approach to both analysing and reducing our costs to achieve the delivery of our business plan savings.

VfM objective 3 – Our Assets, Place and Growth

- Maintaining the condition of our existing properties, investing in place and building new homes is critical to safeguarding our financial strength by developing 1000 new homes
- Asset Performance Evaluation (APE) modelling - to measure the long term sustainability of, and to enable the identification of cost appropriate options to improve both the financial performance and social return on investment of our stock
- Use a Net Present Value (NPV) calculation as an indicator of the financial return on investment in our existing properties
- Undertake a stock condition survey in 2017 to support and inform the delivery of our Asset Management Strategy
- Place leadership is a core component of One Manchester's vision. We will seek out opportunities to extend our service offer and build upon our strong links with our communities.

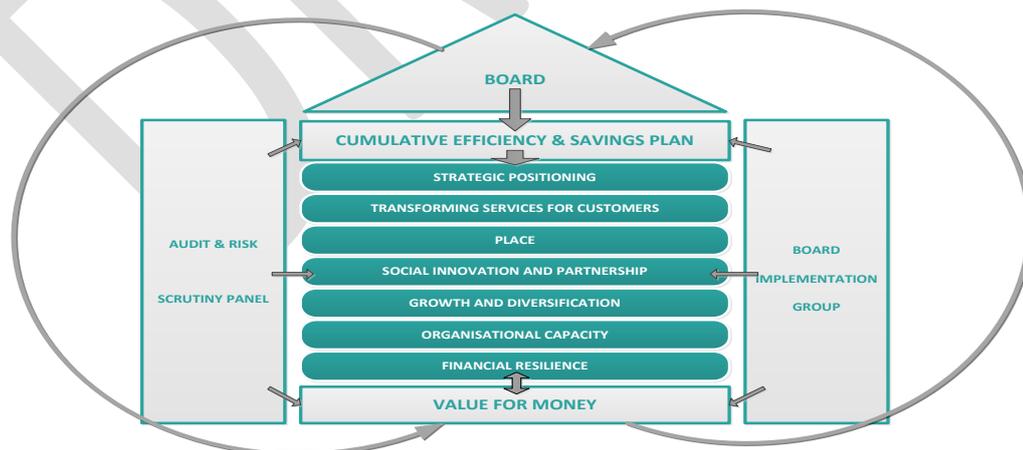
- In constructing our growth plans, we will develop a range of housing products that fit with the place and meet the demands of a thriving City and support the residential growth strategy of Manchester and the region

VfM objective 4 – Procurement

- An internal procurement review in 2015 indicated potential savings of £1,033k over 4 years and actual savings of £693k was achieved at year end 2016/17
- Implement a procurement policy that sets out our baseline position and ensures compliance, without being overly rigid to stifle innovation
- Through our procurement processes, maximise support for the local economy and social value
- Through larger contracts, ensure training, employment opportunities and improvements for our neighbourhoods are achieved
- Maximise use of procurement clubs where appropriate

VfM objective 5 – Regulatory Compliance and Tenant Scrutiny

- Our Board maintains a robust assessment of the performance of all our assets and resources
- Our Board will have an informed view of our cost base and the factors affecting it
- We aim to exceed the regulatory requirements by fully complying with the HCA Standards with a strong focus on the VfM economic standard to retain our Governance 1 (G1) and Viability 1 (V1) status
- We will publish our VfM self assessment by the required deadline. The self assessment is currently a key regulatory tool and is one of the key sources of assurance the regulator considers in In-Depth Assessments
- Our tenant led Scrutiny Panel, will help make decisions around VfM and service priorities, quality and service improvement



VfM objective 6 – Performance

- Strategic Achievement Measures (SAM's) – the success and delivery of our Strategic Plan is measured using SAM's for each priority
- Business Performance is monitored and regularly reported through to Board, Executive Management Team, Committees, Scrutiny Panel, and reported to customers in our Annual Report
- Sector Scorecard – we have signed up to the sector scorecard pilot that will enable us to better benchmark efficiency across the sector. The indicators will allow us to compare like with like, while at the same time recognising the diversity of our sector and the wide range of legitimate social missions
- Social Value - we have adopted the HACT Wellbeing Valuation Tool to help us understand the impact of our work

VfM objective 7 – Customer Insight and Satisfaction

- Utilising customer insight to fully understand what our residents expect from us
- Develop with partners a resident satisfaction project that provides a new, co-created approach for measuring and analysing resident satisfaction that provides actionable insight
- Ability to understand the extent to which we are able to influence satisfaction, and the tools available to do so
- By comparing an understanding of the impact of activities to their costs, we will be able to make far more evidence-informed decisions about which activities represent value for money and be able to provide a robust evidence base for decisions to invest or divest in activities
- We will also consider concepts in behavioural science to support other interventions to change customer behavior and reduce costs

VfM objective 8 – Investment in Colleagues

- We have implemented a Leadership Development Programme with Heads of Service completing ILM Level 6 Award in Management
- A programme for middle managers commenced in January 2017
- We will also continuously advance the capability and talent of all other employees, adding knowledge, understanding and skills to deliver specific business results, value for money and the anticipated future needs of the business
- Implementation of a new Reward Strategy in 2017 will ensure a fair and consistent approach
- Continuous improvement and ongoing investment in our people will help us achieve real Value for Money

Reporting on VfM

Annually, we publish a robust VfM self assessment setting out how One Manchester is achieving VfM whilst delivering our objectives. The self assessment describes our approach to and details our arrangements to ensure we deliver VfM. It also sets out our absolute and comparative costs of delivering specific services. It also evidences the VfM gains that have been made and will be made and how these will be realised over time.

We capture the work staff are doing to deliver VfM in day to day activities, and this is shared with them through regular updates, highlighting areas of achievement and innovation, and where teams and individuals are actively embracing VfM in their every day work.

Strategy Review

This strategy will be reconsidered against all relevant regulatory changes and will be reviewed in 2019 as a matter of course.

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