

Value for Money 2016/17

Self-Assessment



Introduction

Guinness is a Registered Provider of social housing, with approximately 66,000 affordable homes across England. The majority of our customers are those in most housing need, not able to buy or rent on the open market. We also provide 10,000 hours of care services. We are a not-for-profit organisation, which means we need to spend responsibly, obtain and deliver services at the best Value for Money and all the money we make is re-invested into homes and services.

At Guinness we are committed to delivering and demonstrating Value for Money in everything we do. This is led by the Board, but is a commitment shared across the whole organisation. Every Guinness employee has a performance objective relating to value for money. So Value for Money is both at the heart of our corporate strategy and embedded in the way we do things every day.

To demonstrate our commitment, we have assessed our performance and this self-assessment sets out how we achieve Value for Money in meeting our purpose and business objectives. Publication of this document meets the requirement of our Regulatory Standards to publish an annual self-assessment.

Our self-assessment sets out how we organise our assets and resources to optimise returns; evaluate choices, costs and outcomes of delivering our services; and measure and manage performance to improve efficiency.

Overall summary

Over the last two years we've taken significant steps to transform our organisation. These included the first phase of an organisation restructure based on functional specialisms; simplification of our governance structure; and a significant investment in technology to deliver greater consistency and efficiency in how we work.



This year we have continued to build on these foundations by:

- Implementing the next phase of our plans to further improve customer service.
- Reviewing our operating model in detail and delivering significant changes to the way we are organised.
- Further extending the reach of Guinness Property and rewarding the strong performance of Wates with further work across our responsive maintenance geographies.
- Continuing to build homes for sale, which in turn supports our development of homes for rent.
- Growing through our merger with Wulvern Housing which completed in January 2017, creating some immediate Value for Money opportunities without compromising services to customers. Full integration will be achieved in 2017/18, but we have already saved £1.1 million as a result of reducing organisational overheads.

There has again been considerable change in the external environment which leads to continued uncertainty for our sector and for Guinness. We are well-placed to respond to this as we continue to focus on how we best organise ourselves to reduce costs and generate greater efficiencies.

Key achievements during the year to March 2017:

- We have moved towards our target operating model in the Customer Services directorate by restructuring the customer contact, customer accounts, complaints and homeowner services. These changes together with procurement initiatives and reviewing out of hours operations have reduced costs by around £4.2 million. During this period of change, overall customer satisfaction with services (for tenants) has increased slightly to 77%.
- Further cost savings (in notional VAT) through the service provided by Guinness Property, who now carry out responsive repair services to 70% of our properties.
- Through a new approach to procurement, we have reduced the number of suppliers used by Guinness by 9% and have made £1.4 million of annualized savings.
- 574 new homes have been completed.
- Delivering a surplus of £24.7 million from shared ownership and market sales, enabling us to continue to invest in existing and new homes and our care business.
- The launch of a new website, Live Chat, and development of a new Customer Relationship Management system which went live in early 2017/18. These will allow us to offer improved choice and better services to customers.
- Continued rationalisation of office premises, saving money by closing those that are no longer needed.

During the year we've continued our Fast Forward programme to deliver cost savings and efficiencies and, at the same time, improve the way we do things. This is making us a better and more efficient organisation.

Our strategic framework

Our approach to Value for Money is underpinned by Board leadership.

Value for Money is a strong theme throughout our 'Destination 2018' Strategy which was introduced in 2016. Our Business Plan for 2017/18, which is supported by directorate operating plans, targets continued improvements.

We want to be one of the best service providers, one of the best employers and a major developer of new homes. By 2018 we aspire to have achieved the following:

**85%+
Customer satisfaction**

**Built a further
1,200 homes
since 2016**

**Achieve employee
engagement of
90%+**

**Deliver an
operating margin of
35%**

As we enter the last year of Destination 2018, some of the targets reflect our ambitions and will be challenging to achieve. However, we strongly believe in setting stretching targets in order that Guinness continues to improve. Our Strategy recognises that we have important strategic choices, and need to direct our resources and energies at the things that make a difference. This means taking advantage of opportunities presented by changes in our operating environment, and also deciding what we don't do any more.

Our approach is amplified in our Value for Money Strategy which creates a framework for our activities. It sets out how we make the best use of our resources and assets to deliver the services our customers need most and to create new homes.

We are focused on:

- Creating capacity by optimising our income and cost base.
- Focusing on what matters most to our customers.
- Making the most of our people.
- Making best use of our assets.

Performance against our strategic objectives is monitored by the Executive Team and reviewed regularly by The Guinness Partnership Limited and subsidiary Boards.



Creating capacity

Our operating surplus is all reinvested in the business and creates the capacity to deliver more affordable homes, maintain those that we already own, and keep delivering the services to our customers we are here to deliver. Our Financial Plan demonstrates strong underlying profitability, and the capacity to meet our development aspirations.

Our Financial Plan shows:

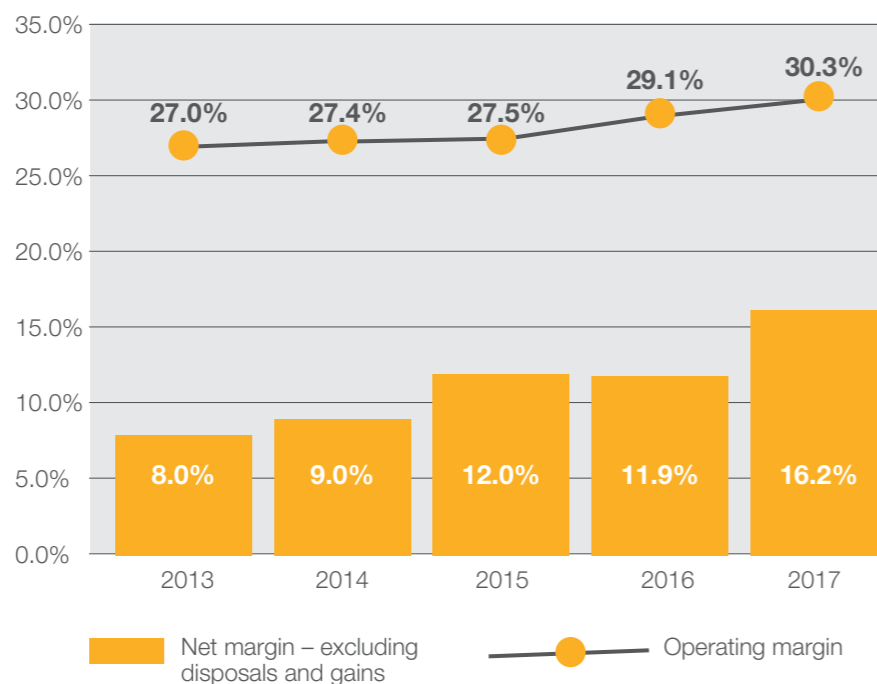
- Underlying profitability (measured by operating margin excluding sales) in excess of 30% over the life of the plan (with the exception of one year).
- Our operating business delivers strong cash flows which are sufficient to support future development.

Our key measures of financial performance are our surplus (excluding property disposals) and our net margin, and these remain strong.

The Guinness Partnership Group	2017	2016	Benchmark
Surplus before tax excluding disposals and gain on merger	£69.8m	£50.5m	n/a
Operating Margin per Financial Statements	30.2%	29.1%	27.6%
Underlying Operating Margin (social housing)	34.6%	29.6%	24.0%
Net Margin	21.9%	14.6%	16.7%
Gearing	57.2%	50.0%	49.5%

Benchmark: Average for all housing associations – Global accounts 2016.

Our approach to Value for Money has resulted in gradual increases in our margins over the last 5 years as shown by the chart below:



Optimising our income

Our focus on income includes:

- **Maximising rents within the rent framework, and by converting homes to Affordable Rent** – we increased our income from Affordable Rents from £21.1 million to £30.8 million, through 619 conversions from social rent and through the letting of new homes at affordable rent.
- **Minimising the time for which our homes are empty between tenancies** – this remained at 4.2 weeks, slightly behind the sector average, for the year as a whole, but improvements in processes led to a marked improvement in performance in the 2nd half of the year.
- **Maximising the amount of rent and service charges recovered** – current tenant rent arrears decreased from 4.6% to 3.9% (below our target of 4.0%) as a result of more effective processes arising from the restructuring carried out at the end of 2015/16. Leasehold and Shared Ownership arrears also decreased from 10.2% to 6.4% and 3.5% to 2.3% respectively.

Optimising our cost base

	2017	2016	Benchmark
Management cost per home	£1,228	£1,238	£1,080
Repair cost per home	£823	£911	£1,010
Total operating cost per home	£2,988	£3,412	£3,970
Weighted Average Cost of Capital	5.4%	5.4%	4.9%

Benchmark: Average for all housing associations – Global accounts 2016.

Whilst our overall total operating cost per home has reduced and compares favourably with the sector average we continue to focus upon ways to reduce our costs further as follows:

- **Reviewing our activities and the way we organise ourselves** – our 2016/17 target was set to deliver an operating margin of 33% and incorporated cost savings targets. While the actual margin was just below this we did achieve savings of £8.8 million (annualised).
- **Maximising the benefits from our in-house maintenance services** – we further expanded the coverage of Guinness Property in 2016/17 in responsive repairs geographies and additional compliance and safety workstreams, extending the high levels of customer satisfaction that Guinness Property delivers. The in-house maintenance service delivers a notional £5.3 million VAT saving.
- **Further improving our technology and processes** – our continued investment in technology makes it easier for our customers to deal with Guinness and for our employees to do their jobs. New technology is enabling our move to new ways of working which aim to reduce the need for employees to occupy a traditional office and allow them more contact time with our customers.



Creating capacity...continued



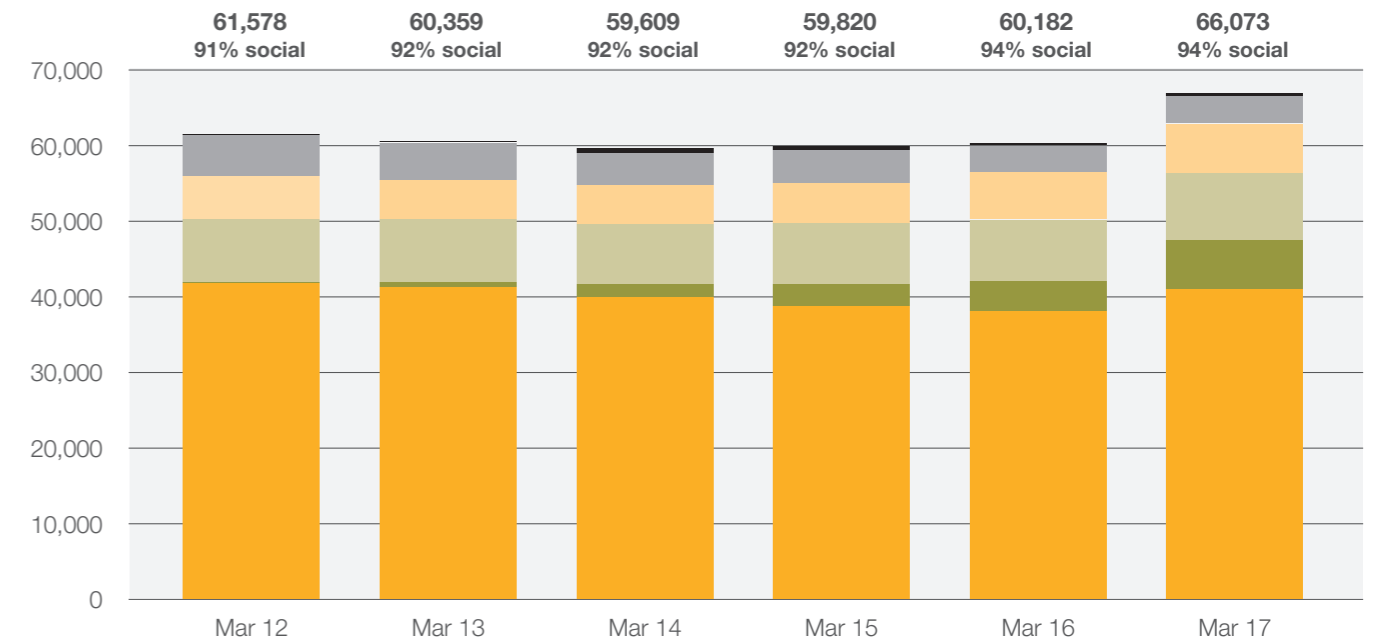
- **Procuring efficiently** – we have introduced a new approach to category management and realised procurement savings of £1.4 million (annualised).
- **Delivering change effectively** – in 2015/16 we created a single national team to support delivery of our transformation objectives bringing together our IT and Change teams. This better supports the projects to create savings and efficiencies across all workstreams.

Diversifying to create greater capacity

We've continued to implement our strategy to deliver new homes for sale, through our subsidiaries, Guinness Developments Limited and Guinness Homes Limited. In 2016/17 we sold 250 shared ownership and market sale properties and generated surpluses of £24.7 million. These are re-invested into providing more new affordable homes and into existing homes and services.

As well as producing homes for sale to increase our capacity, our focus remains to provide homes for those that most need them. The analysis of our stock over the last 5 years set out on the next page shows our continued commitment to providing social housing as our core activity.

Summary of total housing properties: 2012 to 2017



Total homes – social housing		Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17
■	General needs social rent	41,751	41,336	39,826	38,796	38,138	41,007
■	General needs affordable rent	57	558	1,662	2,915	4,051	6,010
■	Supported housing & housing for older people	8,410	8,312	8,051	8,047	8,002	8,767
■	Shared ownership	5,767	5,152	5,115	5,236	6,344	6,363
Total homes – other housing		Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17
■	Leasehold and other home ownership	5,506	4,880	4,390	4,319	3,383	3,600
■	Other	87	91	565	499	264	326
Total		61,578	60,359	59,609	59,812	60,182	66,073

Focusing on what matters most to our customers



We describe and define Guinness as a Customer Service Business, and we have embedded that further in 2016/17. We have continued to promote and develop this by:

- Creating (with customers and staff) a new service style and rolling this out across the business through our Amazing Service training, already completed by over 1,700 staff.
- Actively engaging customers in some key procurement decisions, most notably the selection of our on-line repairs tool and the selection of our new gas contractors.
- Re-designing our customer facing teams, with staff and customers, and develop new ways of working which will empower staff to working together across functions to solve problems and improve service.
- Establishing a network of Amazing Service leads across all parts of the business, to champion initiatives such as 'brilliant basics', 'fix before sun-down' and 'no more stupid rules'.
- Re-designing our Customer Service Centre processes, reducing avoidable calls from 20% to 13%.

Overall satisfaction with service we provide (%)	2017	Target	2016	Benchmark
Targets	77%	80%	76%	83%
Shared owners and leaseholders	52%	57%	56%	n/a
Care customers	94%	85%	93%	n/a

Benchmark: median for 14 largest housing associations >20,000 homes using HouseMark.

We have supplemented our customer satisfaction surveys with:

- Customer 'call backs' to ensure we put things right quickly, if we need to.
- A more modern, proactive approach to handling complaints – to minimise cost and inefficiency, and re-build relationships with our customers.

Improving customer satisfaction is a key objective in our Destination 2018 strategy. To support this, we have implemented a new Customer Experience Strategy, focused on:

- Knowing our customers and what matters to them.
- Designing our services from our customers' point of view – and delivering them with a Guinness service style. We have already made changes to our repairs offer and the experience customers have through our lettings service.
- Being 'brilliant at the basics' – doing what we said we are going to do, on time and to a good standard.

In 2016/17 we started to deliver our omni-channel strategy, which will result in fewer, better contacts; more choice and convenience for customers; and the same amazing service across all our channels. In 2017/18 this will progress with the launch of Web Chat and the introduction of our new Customer Relationship Management system, helping both customers and the staff who help them.

Delivering a customer-focused, cost-effective repairs service

We know how important our repairs service is to our customers – and we're working hard to continue our improvement in this area. A number of important changes took place in 2016/17. We further rationalised the number of contractors who deliver responsive repairs to our customers, making more use of our in-house team and our best performing external contractors. We revised our pricing structure for responsive and void repairs carried out by Guinness Property, to a fixed price per property. We used independent benchmarking to test and demonstrate that this delivers value for money. This is already bringing efficiencies in terms of administrative effort and how we work within the group.

Adding value – going further for those who need it

We continue to provide services focused on financial inclusion, affordable warmth and access to work. During the year we helped our customers access c£2.6 million additional income and c£4.4 million additional Housing Benefit.



Making the most of our people



During the year, employee engagement levels improved from 66% to 75%. We recognised that 2015/16 was a year of significant change for many of our people, as we re-structured parts of our business and commenced a wider programme of changes aimed at creating a more efficient and better organisation and, while the changes have continued during 2016/17, we are creating an organisation that people are happier being part of.

	2017	2016	Benchmark
Attendance levels	97.3%	98.2%	96.6%
Turnover (voluntary)	12.3%	13.1%	16.6%
Employee engagement	75%	66%	75%

Benchmark: median for 14 largest housing associations > 20,000 homes using HouseMark.

Senior management and Board costs are an important element of our approach in this area. Our highest paid member of staff is our CEO and we benchmark her pay against sector averages. We also use this as the basis to calculate a ratio of highest to average salary, which has fallen during the year. We also benchmark the cost of our Board Members, which has remained consistent.

	2017	2016	Benchmark
CEO pay per home	£4	£4	£4
CEO pay as a % of turnover	0.06%	0.06%	0.07%
Ratio of highest to average salary	9:1	9:1	n/a
Board member pay per home	£2	£2	n/a

Benchmark: average for the largest 10 housing associations.

Creating a Value for Money culture

We are focused on creating the right culture at Guinness. We're making the discussion about value for money come alive by getting everyone involved in our plans.

In 2016/17 this has included:

- A series of roadshows, where the Executive Team met colleagues, and outlined our strategy in response to changes in our operating environment.
- Involving many managers and staff in the programme to redesign services, improve efficiencies and reduce costs through workshops, project teams and smaller initiatives.
- Staff at all levels getting involved in setting stepped performance targets, so that all our performance measures include six monthly improvements.



Making the best use of our assets



We have made good progress during 2016/17, building on the Asset Management Strategy we agreed in 2015/16.

We have improved our understanding of the performance of our housing stock, making use of analytical tools such as our Asset Performance Evaluation (APE) model, but also using qualitative data from across the business. We are now better able to make rapid decisions on whether properties that become empty should be re-let, improved or disposed of to generate a capital receipt or avoid uneconomic investment requirements, thus increasing financial capacity. This leaves us very well placed, in terms of pipeline and process, to achieve our 2017/18 target of generating profits of £4 million from the sale of certain empty homes.

Our improved analysis and understanding is also allowing us to develop a clearer footprint strategy. We have agreed in March to launch a significant process of stock rationalisation, relating to 1,800 homes in the North East and West Midlands. These are two areas that are outside our core geography. We anticipate that this programme will generate significant capital receipts which will increase our ability to deliver new homes.

Return on investment

	2017	2016	Benchmark
Rented homes ROI	6.7%	7.8%	n/a
Shared ownership ROI	4.3%	3.8%	n/a
Total ROI (Operating surplus / social housing assets)	7.2%	7.9%	6.2%
Return on Capital Employed (operating surplus / total assets – current liabilities)	6.9%	7.6%	5.7%

Benchmark: average for all housing associations, Global accounts 2016.

Ensuring assets meet future customer needs

Our Housing for Older People steering group continues to make progress. Having completed desktop analysis of our 295 schemes, we have progressed into focusing on the Havant region, where our concentration of schemes enables us to develop holistic plans. Our analysis is that, in the main, and with some modest reinvestment, most of our schemes in this area will remain fit for purpose. More significant discussion is needed on a smaller number of schemes where more fundamental solutions are required, which may include remodelling or disposal. We can draw here on the successful experience of Wulvern in undertaking this work in Cheshire prior to merger.

A small number of schemes have also been identified where disposal is likely to be the most appropriate option. This will need to be handled sensitively, but will generate capital receipts to fund improvements elsewhere.

Regenerating our estates

We're looking at how we make best use of the land and spaces we own, seeking opportunities to provide more new homes and where necessary, improve existing homes. Following the continued progress of the regeneration of our Loughborough Park estate in Brixton, we are reviewing opportunities at a number of sites across London and in Crewe.

Commercial property and office accommodation

We have continued our review of office accommodation, aimed at reducing the number of offices we occupy. Building on the £2.8 million disposal receipts generated last year, this year we have closed offices and generated a further £0.6 million of capital receipts, along with on-going cost savings of £0.6 million per year. This programme of office rationalisation will continue in 2017/18, as will our new ways of working initiative which is using technology and improved processes to enable customer facing staff to minimise unnecessary visits to offices.

We continued to maximise the income from our commercial portfolio by proactively managing the lease renewal process, rent reviews and ensuring vacant properties are re-let at a market rent. The income from commercial assets for the year to March 2017 was £0.4 million, which covers commercial and community assets, and telecoms.

Ensuring legitimate occupancy of our homes

With affordable housing in scarce supply, we have continued to invest in dedicated tenancy fraud detection and over the last year recovered 54 homes.



Making the best use of our assets...continued



Planned maintenance

In 2016/17, we invested c£39 million in planned maintenance. We delivered 1,100 kitchen replacements, 800 bathrooms, 700 storage heaters and 1,400 doors. All of our properties meet Decent Homes standards (with the exception of a small number in East Manchester where exemptions have been agreed with the HCA).

We continue to meet the Decent Homes Standard across our homes. We are reviewing the frequency with which we replace some components to ensure that we balance value for money with the quality of our homes for our customers.

We have continued to refine the way that we deliver our planned programme to maximise Value for Money, generating savings from retendering existing contracts and works.

We have continued to carry out Aids and Adaptations to our homes, spending £494k in the year, to enable our customers to remain independent in their homes.

To ensure we continue to assess both cost and quality, we initiated a new programme of surveys to measure customer satisfaction with planned repairs. At the end of the year, satisfaction stood at 86.1% and customer feedback has resulted in improvements in how we communicate with our customers about future planned repairs.



Comparing our performance

Benchmarking is important in understanding our performance and costs. We compare how we are doing in a number of ways:

- Against other Registered Providers (RPs) through the HouseMark benchmarking groups.
- Internally against targets and budget: these are set to be challenging but realistic so that improvement in both performance and costs can be achieved.
- Internally over time: to help us understand the impact of changes we make to our business.
- Using the HCA Global Accounts and customised benchmarking against a select peer group to compare our financial performance and capital structure.

We use comparative data to inform our target and budget setting and to assess our performance in the context of our peer organisations.

The Global Accounts View

Cost data has been produced by the HCA based on the Sector Global Accounts for the last 2 years. The Group Audit and Risk Committee and the Board have considered this data, compared our performance between the years, against the quartile data and against our peer associations. They have gained an understanding of how our cost and efficiency programme will impact on these indicators and how they are likely to move in 2016/17 and 2017/18.



The 2015/16 cost data is set out below:

Entity	Headline social housing cost CPU (£k)	Management CPU (£k)	Service charge CPU (£k)	Maintenance CPU (£k)	Major repairs CPU (£k)	Other social housing costs (£k)
TGPL 15/16	3.17	1.26	0.32	0.78	0.57	0.24
TGPL 14/15	3.27	1.31	0.32	0.81	0.60	0.23
Upper quartile	4.40	1.24	0.58	1.18	1.10	0.51
Median	3.55	1.02	0.37	0.98	0.81	0.26
Lower quartile	3.19	0.78	0.24	0.82	0.57	0.12
TGPL result	■	■	■	■	■	■

■ Lower quartile ■ Median ■ Upper quartile

Comparing our performance... continued



Overall, our costs per unit (CPU) fall in the median to lower quartile range and have improved against the median from 2014/15 to 2015/16. We will make further savings to reduce our overall costs, and use these savings to improve our services and build more new homes. Although, we have already made some significant progress reducing housing management costs and the merger with Wulvern will help lower them further, we still have more work to do.

Our repairs costs and major repairs costs per unit are both lower quartile, although these costs do vary depending on the timing of our programmes. Through our expansion of Guinness Property, procurement savings and more robust contract management, we will deliver further savings during 2017/18.

Other social housing costs are median to lower quartile, an improvement from 2014/15 which reflected our period of transition, major change programmes and significant investment in new technologies to enable us to deliver improved customer service.

The HouseMark View

The aspect where we do least well in the unit cost analysis is management costs. To understand this area further, we use HouseMark to provide a historic view of KPIs and costs, which concentrates mainly on housing management. We are expanding our use of benchmarking data to determine target levels of performance and provide additional insight into our business.

We benchmark against large national organisations, enabling us to compare our costs and performance against similar associations.

From our latest review we know that our housing management costs per property are high when compared to peers, again reflecting some transition costs implementing our new structures. We have been reviewing both our structures and the way we deliver services in order to improve our efficiency and also the quality of services we provide.

Our analysis of repair costs indicates all costs are better than median. We continue to look for areas for improvement and next year we have a significant focus on planned repairs procurement, and a drive to reduce void turnaround times.

2015/16 Housemark Cost per Property – Housing Management			
	Actual	Quartile	Housemark Median
Rent arrears & collection	£178.73	4th	£148.01
Resident involvement	£64.73	4th	£46.71
ASB	£113.97	4th	£65.12
Lettings	£104.97	4th	£78.33
Tenancy management	£162.87	4th	£133.41
Total Housing Management	£625.28	4th	£451.12
Direct housing management costs	£312.55	4th	£287.64
Overhead allocation	£312.73	4th	£195.71
Total Housing Management	£625.28	4th	£451.12

In all of these areas, including our overhead base, we were more expensive than most of our peers. We have experienced some significant additional transition costs in implementing our new structure, which has resulted in our costs remaining higher than we would have hoped. However, the benefits of our structural changes are starting to be recognised and our total housing management cost above has fallen by 11% from the 2014/15 cost of £714.42.

The costs for 2016/17 were monitored against a rigorous budget and incorporate further cost savings. Every service area had a robust delivery plan in place for the achievement of their cost savings, which were monitored by the Executive Team, and The Guinness Partnership Limited Board. We are confident that these cost savings will be reflected in our 2016/17 HouseMark results.

Repair costs can be summarised as follows:

2015/16 Housemark Cost per Property – Repairs			
	Actual	Quartile	Housemark Median
Direct & management costs of:			
Responsive and void repairs	£853.73	2nd	£873.09
Major works and cyclical management	£970.06	1st	£1,343.57

Void repair costs tend to fluctuate from year to year, and there has been a particular focus on repair costs in areas where we have higher proportions of harder-to-let properties. All of our repair costs are better than median. We continue to look for areas for improvement and next year we have a significant focus on repairs procurement, the expansion of the role of Guinness Property and a drive to reduce void turnaround times.



Comparing our performance... continued

The Sector Scorecard

We welcome the development of the Sector Scorecard to enable and enhance our understanding of VfM across the sector, and ensure we are appropriately rigorous in the way we challenge our own performance. We have participated in the national pilot and the CASE (Consortium of Associations in the South East) pilot.

We have started assessing our performance against the scorecard developed during the pilots. The scorecard is based on the results of the Association rather than the Group (except for development) with indicators calculated in accordance with specific methodology, so the results generated differ in some cases from those reported elsewhere in this document. The table below shows the Association's progress against the key elements of the scorecard over a 5 year period:




	2013	2014	2015	2016	2017
Operating margin	28.8%	27.0%	29.5%	34.5%	37.3%
Operating margin - social housing lettings	33.5%	32.1%	33.4%	35.0%	36.7%
EBITDA MRI (as a % of interest)	176%	138%	161%	207%	236%
Homes developed	298	730	1,249	683	574
Homes developed (as a % of owned)	0.5%	1.3%	2.2%	1.2%	0.9%
Gearing	38%	37%	40%	39%	41%
Overall satisfaction	n/a	75%	76%	76%	77%
Return on capital employed	3.9%	5.2%	3.9%	4.6%	4.6%
Occupancy rates	99.4%	99.2%	99.3%	99.0%	99.3%
Ratio: responsive repairs to planned maintenance	1.26	0.81	0.88	0.77	0.68
Rent collected	98.2%	100.1%	99.6%	98.2%	100.3%


Delivering on plans for 2016/17 – how we did

This section summarises our progress against plans set out in our previous VfM self-assessment, although in several cases these remain ongoing longer term programmes of work.

What we said (in 2015/16 VfM Statement)	Progress at 31st March 2017
<p>Focusing on what matters most to our customers –</p> <p>We will:</p> <ul style="list-style-type: none"> Translate our new Customer Experience Strategy into amazing service for every Guinness customer. Bring the new Guinness service style to life to offer well designed services which our customers love. Give our customers more choice by taking our services online; implement a new CRM system, and launch our new website. Deliver an efficient repairs service which our customers love by being easy to deal with, friendly and fixing things on the first visit. <p>Our key targets are:</p> <ul style="list-style-type: none"> Overall satisfaction with services we provide (tenants): 80%. Overall satisfaction with services we provide (shared owners / leaseholders): 60%. Satisfaction with last completed repair: 89%. 10% reduction in complaints. 100% CQC Compliance (care services). Void turnaround reduced to 25.5 days. 	<p>We have listened to and involved our customers in designing better and improved services.</p> <p>Over 2,000 employees have received dedicated training to ensure they can deliver amazing service.</p> <p>We have introduced an interim online offer and over 1,000 customers have already registered.</p> <p>We have expanded the use of our in-house contractor, Guinness Property, and replaced a contractor in the South to improve services to customers.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> Satisfaction (tenants): 77%. Satisfaction (shared owners/leaseholders): 52%. Satisfaction with last completed repair: 88%. 15.7% reduction in complaints. 86% CQC Compliance (care services). Void turnaround : 29.7 days. <p>Overall assessment: </p>
<p>Creating capacity – optimising our income and costs</p> <p>We will:</p> <ul style="list-style-type: none"> Deliver our efficiencies programme, aimed at improving services to customers and deliver our financial savings plan. Improve finance systems and processes, particularly relating to Purchase to Pay and Rents and Service Charges, to ensure transactions are processed efficiently and robust, accurate information is produced. Deliver a rent collection service that meets the needs of our customers and protects our revenues. Deliver vacant property sales and explore other opportunities to release financial capacity that enable us to do more. <p>Our key targets are:</p> <ul style="list-style-type: none"> Current tenant arrears – 4%. Operating margin – 33.5%. Property sales receipts (gross) – £8 million. 	<p>Efficiency savings have been delivered across many of our workstreams. Annualised staff savings of £2.9m and £14m of non-people cost savings have been realised in 16/17 compared to the 15/16 budget (our base) after allowing for non-controllable costs and costs incurred to deal with issues.</p> <p>Significant progress has been made towards the strengthening of our finance systems and processes. An in-house solution for service charges has been introduced, and a solution scoped for Purchase to Pay, which will be progressed in 2017/18.</p> <p>Current tenant arrears at year end was below target at 3.9%. Home owners arrears also reduced significantly and ended the year well below target.</p> <p>Asset disposals generated proceeds of £3.4m, a further £5.7m is already in the pipeline for 17/18 and the Board continue to review possible disposals.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> Current tenant arrears – 3.9%. Operating margin – 32.6%. Property sales receipts (gross) – £3.4 million. <p>Overall assessment: </p>

Delivering on plans for 2016/17 – how we did...continued

What we said (in 2015/16 VfM Statement)	Progress at 31st March 2017
<p>Significantly increasing our ROI from procurement and improving contract management –</p> <p>We will:</p> <ul style="list-style-type: none"> Deliver a 5:1 return on investment from procurement. This equates to approximately £1.25m and represents an increase in the savings target from the previous year of around £200k. Where cashable savings benefits cannot be demonstrated, we will add value in other ways. Improve management of suppliers and contracts through a supply chain strategy for all key areas of spend. <p>Our key targets are:</p> <ul style="list-style-type: none"> Introduce e-procurement. Develop a new supply chain strategy. Reducing and consolidating our number of suppliers. Deliver savings from tenders as follows: <ul style="list-style-type: none"> Legal Services – £2m pa. Gas Maintenance – £4m pa. Temporary Resources – £5.5m pa . Waste Services - £1m pa. 	<p>The savings for the year were delivered with a return of just over 5:1 for the year. This has produced annualised savings of £1.4m. A category review of significant areas of expenditure is underway</p> <p>New governance for supplier appointment and a contract management framework have been approved and contract management training has been rolled out to improve skills across relevant staff.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> e-procurement in progress, tender complete and preferred supplier identified. Supply chain strategy complete. Number of suppliers has reduced by 9%. Legal services and waste services tenders were not completed in the year, the gas contract was let with annual savings of £1.3m and the temporary services completed with annual savings of c. £280k pa. <p>Overall assessment: </p>

<p>Really making the most of our assets</p> <p>We will:</p> <ul style="list-style-type: none"> Ensure that all Guinness homes continue to meet the Decent Homes Standard. Carry out options appraisals on a further 14 General Needs schemes, ensuring they are appropriate to meet future needs and maintain demand. Close/dispose of further regional offices, without detriment to customer service, generating revenue savings of c.£500k pa; Undertake a national review of land holdings to identify and exploit opportunities to generate further receipts Improve management of our commercial property portfolio and non-residential properties to ensure we maximise returns. <p>Our key targets are:</p> <ul style="list-style-type: none"> Satisfaction with planned repairs 90%. 1,510 New kitchens installed. 1,185 New bathrooms installed. 100% homes meeting Decent Homes Standard. 	<p>We continue to meet the Decent Homes Standard in all eligible homes.</p> <p>We have improved our model to assess performance at scheme level and this is being used to proactively appraise non-performing schemes to support decisions to dispose, invest or do nothing.</p> <p>Our office review programme, introducing new ways of working and creating of touch down points has moved forward. Annualised savings to date total £600k.</p> <p>While some work has been done, we will undertake the comprehensive asset title review of non-property assets during 2017/18.</p> <p>Our commercial assets team is proactively managing existing tenancies to ensure continuity of income and actively marketing properties when they become void.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> Satisfaction with planned repairs 86%. 1,071 New kitchens installed. 779 New bathrooms installed. 100% homes meeting Decent Homes Standard. <p>Overall assessment: </p>
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What we said (in 2015/16 VfM Statement)	Progress at 31st March 2017
<p>Creating capacity – Purposeful growth and diversification</p> <p>We will:</p> <ul style="list-style-type: none"> Implement a new 2016/19 Development Strategy, to build more homes of more tenures and create additional future capacity through a greater proportion of market sales. <p>Our key targets are:</p> <ul style="list-style-type: none"> Delivery of 561 new homes, including 340 homes at social/affordable rent, 113 homes for shared ownership and 108 homes for private sale. 	<p>A new development strategy is in place.</p> <p>574 new homes were delivered in 16/17 with a further 824 onsite or about to start, 2,413 in the process of planning and another 3,007 in the pipeline on land acquired or with an option to purchase in place.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> 574 new homes delivered. <p>Overall assessment: </p>
<p>Making the most of our people</p> <p>We will:</p> <ul style="list-style-type: none"> Deliver the Guinness Managers' Programme to three further cohorts of employees. Review Guinness's office locations to ensure they support modern ways of working. Develop our approach to Talent Management. Continue to embed the Guinness values and culture, creating an atmosphere where people want to succeed and contribute by role modelling our behaviours, giving and receiving great feedback and helping people to be the best they can be. <p>Our key targets are:</p> <ul style="list-style-type: none"> 80% employee engagement. Investors in People re-accreditation. 100% completion of mandatory training. 	<p>Three sets of the Managers' Programme were delivered in 16/17.</p> <p>The office review programme has been developed in conjunction with a new ways of working initiative.</p> <p>The employee survey in November 2016 helped us understand employee engagement and colleagues' experiences of working for Guinness. The liP assessment provided a detailed review of our people management practices.</p> <p>At 31 March 2017:</p> <ul style="list-style-type: none"> 75% employee engagement. Investors in People re-accreditation: silver. 75% completion of mandatory training. <p>Overall assessment: </p>

Our plans for 2017/18

We have made good progress against many of our VFM plans and targets for 2016/17. We have achieved savings in terms of reductions in people costs, office costs and direct expenditure, which will reduce our underlying cost base in future years. We have dramatically reduced complaints and increased compliments, and are beginning to improve customer satisfaction. Rent and service charge collection has also continued to improve. Our merger with Wulvern in early 2017 has also already delivered efficiencies.

We have clear plans and priorities for 2017/18. The table below indicates some of our key Vfm targets in addition to those included in the sector scorecard.

Vfm areas	Key targets
Focusing on what matters most to our customers	<ul style="list-style-type: none"> • Overall satisfaction with services (tenants): 85% • Overall satisfaction with services (shared owners / leaseholders): 65% • Satisfaction with last completed repair: 92% • 10% reduction in complaints • 100% CQC Compliance (care services) • Void turnaround reduced to 25.5 days.
Creating capacity – optimising our income and costs	<ul style="list-style-type: none"> • Current tenant arrears – 3.5% • Operating margin - 35.0% • Void loss – 0.8% • Sale of empty homes - £4 million
Significantly increasing our ROI from procurement and improving contract management	<ul style="list-style-type: none"> • Mobilise new gas maintenance and servicing contracts (and achieve the financial and service benefits) • Deliver major procurements of planned maintenance, electrical works and estate services • Continue reducing and consolidating our supplier base
Really making the most of our assets	<ul style="list-style-type: none"> • Satisfaction with planned repairs 92% • 1,200 new kitchens installed • 480 new bathrooms installed • 100% homes meeting Decent Homes Standard
Creating capacity – Purposeful growth and diversification	<ul style="list-style-type: none"> • Deliver 620 new homes • Create a pipeline to enable delivery of 1,000+ new homes per year after 2018
Making the most of our people	<ul style="list-style-type: none"> • 90% employee engagement • Investors in People re-accreditation • 100% completion of mandatory training

The detail of how we will achieve these targets is in our Business Plan for the year.