www.accentgroup.org

AT ACCENT PROVIDING VALUE FOR MONEY IS NOT NECESSARILY ABOUT PAYING LESS, IT'S ABOUT ENSURING WE OBTAIN THE BEST SERVICE FOR OUR CUSTOMERS FOR THE OPTIMUM PRICE.

GORDON PERRY, CEO

Our Strategic Approach to Value for Money

Accent has embedded value for money throughout the organisation with a three year VfM strategy of 'making more of a difference' encompassing all parts of the organisation. Within the strategy each year has had a specific 'VfM 'theme' in addition to the overall strategy. The themes have enabled all staff to identify with the strategy and understand how they contribute on a daily basis.

Year One 2013/14

Fit for the Future

The theme for 2013/14 was achieving efficiencies by bringing the separate registered providers within our Group together through our Fit for the Future programme, establishing the 'One Accent' approach to all policies, systems and the organisational structure. The aim was to create a stronger and more sustainable organisation that provided better value for money and improved financial capacity.

We simplified our governance through a virtual consolidation of our registered providers, something we believe no other Group had managed so completely at that point. We established a Group Board supported by five regional Customer Service Committees (CSCs). This effectively transformed Accent from a federation to a group which significantly improved the quality, speed and efficiency of decision making.

We combined the governance restructure with an organisational restructure which delivered consistency, reduced duplication and improved our service offer. In doing so, we reduced costs by £1.75m per annum.

Year Two 2014/15

Improving Performance

2014/15 was the first year of our updated Business Plan which takes us through to 2020. Our value for money theme and a key focus of the annual implementation plan was 'improving performance whilst maintaining the lower cost base achieved in 2013/14'.

We reviewed how performance targets were set and monitored which drove improved performance. New automated arrears management systems were introduced together with different ways of working with our tenants to sustain their tenancies. This resulted in arrears decreasing by £1m and stabilised the number of tenants terminating their tenancy. This provided the platform for further improvement in 2015/16.

We launched our active asset management strategy which focused and continues to focus on sustainability with all assets assessed from a return on investment perspective. This resulted in some major decisions for our Board especially in the North East where Accent decided that it needed to sell 347 homes as they were not delivering value for money for our residents and our organisation.

"THE AIM WAS TO CREATE A STRONGER AND MORE SUSTAINABLE ORGANISATION THAT PROVIDED BETTER VALUE FOR MONEY AND IMPROVED FINANCIAL CAPACITY"

“THIS RESULTED IN ARREARS DECREASING BY £1M AND STABILISED THE NUMBER OF TENANTS TERMINATING THEIR TENANCY. ”

Year Three 2015/16
Improving Tenancy Sustainability

The focus for 2015/16 has been improving tenancy sustainability. Why?

- High tenancy turnover with the resulting voids and relettings has a direct impact on our financial and operational performance.
- When the reasons for turnover were analysed it highlighted significant numbers of customers who were leaving for reasons that could imply poor satisfaction with our housing offer

This is supported by our proactive asset management strategy of identifying poor assets and has meant further challenging decisions around assets. During 2015/16 many decisions were taken to resolve issues through sale/remodelling but also through challenging our approach to letting property.

In 2014/15 Accent had turnover of 11%, 2,429 homes, and costing £3.6m to repair and let.

In 2015/16 we have prioritised the activities of our local housing management teams, tenancy sustainability teams and the asset management team on these areas, and as a consequence we have:

- Reduced the number of tenants terminating their tenancy by 225 (10%) on 14/15
- Reduced rent void loss by £200k
- Made a further improvement in income collection of £600k

This work has demonstrated the significant improvements that can be made and put in place the building blocks that will deliver greater impact in 2016/17.

"BEYOND 2016/17 OUR FOCUS FOR DELIVERING VFM IS TO LAUNCH OUR NEW ACCENT SERVICE OFFER. THIS WILL DELIVER AT LEAST £3.2M SAVINGS BY 2018."

Assessment of 2015/16

The board of Accent believe that Accent has continued to demonstrate its commitment to improving its value for money.

2015/16 was to have been the tipping point where the all the difficult and positive decisions made in recent years came to fruition by delivering a cash neutral or better position for the core business. The plan was that going forward from this point the core business would generate cash. This cash would be combined with existing funds, new facilities and cash raised through the sale of non-core assets to support a new significantly increased development programme, in addition to our business plan aim to develop 500 new homes by 2020.

In July the 1% rent cut effectively took £25m out of the organisation's resources over the next 4 years. Accent's active value for money strategy allowed us to review future targets and bring them forward. As a result our response to the cut was swift. The board considered revised financial plans and determined specific actions by 26 August and new plans were submitted to the HCA by 9 September 2015.

These actions meant that the core business returned to cash neutral but as we were already low cost the £25m which Accent was about to invest in new development over the next four years was lost. In spite of this, we have revised our development plans in order to support the Board's long term vision for building new homes.
We have brought forward our further efficiency savings in order to maximise the opportunities presented by both the Build to Rent and Shared Ownership and Affordable Homes funding programmes. The outcome of this is a development programme of 578 by 2020. Our plan is to review our financial capacity post consolidation in order to increase this substantially.

The remainder of 2015/16 was about continued improvement:

- Our people costs at £773 per unit and 46.5 units per staff member are significantly better than the sector averages of £1,200 and 29 units. We are not convinced that geographical spread impacts on costs and believe this demonstrates this.
- Our operating costs per unit are significantly better than sector averages – 2015/16 £3,106 compared with 2014/15 Global Accounts sector value £4,512.
- Continued to deliver the active asset management agenda selling 334 properties that no longer provided an appropriate return on the asset generating £15m in cash for the new development programme.
- Delivered 103 new homes.
- Our performance measures were median when compared to sector benchmarking but improving with notable success in reducing arrears by £600k and numbers of voids by 115.

The HCA cost variation analysis for 2014/15 showed our headline social costs per unit at £3,390 are better than the sector median in 2014/15 of £3,550, and other social housing cost per unit values were below median cost.

Our management costs per unit are in the lowest cost quartile. Our service charges and major repairs costs are just above median. The maintenance cost per unit is in upper quartile. This is what we would have expected. The major procurement exercise in 2016 is intended to reduce these costs.

The results for 2015/16 [calculated by Accent] show four out of the six measures have further decreased in cost while the other two measures have remained the same with our headline social housing cost per unit reducing to £3,110. This demonstrates our continued focus on driving cost down. If we compare the 2015/16 measures to the quartiles in 2014/15 two are lower quartile, two are below median, one is just above median and maintenance cost remains our only outlier.

In 2015/16 we have redefined the principles which govern our approach to benchmarking and performance management and the board have asked for a new more strategic approach to benchmarking to be developed.

We are currently speaking to providers to establish if there is a source of external benchmarks which is timely, covers more than housing management costs and which fits with our requirement for benchmarking on a relatively small number of business critical KPIs, rather than a high volume of compliance KPIs as in previous years.

Overall Accent believes it fully complies with the value for money standard. It has continued to deliver improved VfM this year; however is still sufficiently challenging of itself to know there are opportunities to further improve in 2016/17.

The key areas will be:

- Establishing the new development programme of 584 homes now that the legacy issues of the past are substantially resolved and we have plans in place or completed to resolve poorly performing stock.
- Developing the new Accent Offer to support aspiration as well as housing need.
- Develop the digital agenda building on the introduction of mobile working and the single contact centre in 2015/16.
- Finally reviewing our financial capacity post consolidation to enable us to borrow more to fund a significant expansion of the development programme beyond our business plan aim of 500 homes.

and at the same time continuing to challenge individual services to improve outputs and outcomes, while reducing cost.

Beyond 2016/17 our focus for delivering VfM is to launch our new Accent Service Offer. This will deliver at least £3.2m savings by 2018. We will do this by changing how services are delivered to match the needs and expectations of our customers as we move into an ever more digital age.

We will use the efficiency gains and our improving capacity to maximise our available security to raise additional funds.

The funds will be used to deliver over 1000 homes by 2020 via SOHAP and our own independent development programme.

More detailed analysis of our value for money performance and our plans for future efficiency can be found here: www.accentgroup.org/about-us/open-and-honest

Return on Assets

Asset Management

Active Asset Management

We continually monitor and analyse the financial and management performance of assets. Our Asset Management Schedule is updated on a monthly basis and focuses on the top 10 schemes in terms of void loss. We use the schedule to monitor the position, identify options for asset management decisions and to consider new approaches to letting and managing the properties.

The table below shows how we have addressed the top 10 schemes, which were responsible for 44.34% of our total void loss in 2014/15. These properties represent less than 5% of our total properties in management.

Scheme Name and No. of units	Decision	Void Losses £ (2014/15)	Void Losses £ (2015/16)
Horden – 70 Units	Decision made to sell, sales commenced in September	375,111	405,178
Tollgate Court – 36 units	Decision made to demolish and development in progress to build more appropriate homes on site	110,340	0
Blackhall – 140 units	Decision made to sell, sales commenced in September	103,088	162,420
Horden Named Streets 28 units	Decision made to sell, sales commenced in September	64,001	58,373
Pudding Lane – 33 units	Sold May 2015 to another RP more locally based	49,203	0
Crown Street, Halifax LOTS 13 units	Complex lease issues – negotiations have commenced with the landlord	35,178	37,564
Counden Grange 30 units	Full review of the area undertaken, various alternative letting approaches undertaken with marginal improvement. Decision to sell vacants to be considered in June 2016.	32,477	31,446
North Ormesby Rehab 58 units	Decision made to seek consent to sell the 7 long term voids	22,840	44,199
Glamis Walk – 39 units	Lettings agreement being renegotiated with local council aims to resolve issues	22,758	34,028
Ripleyville – 164 units	Decision made to continue to let with security upgrades	20,025	23,633
North Ormesby Chainbreaker 7 units	Decision made to seek consent to sell the 4 long term voids	16,924	22,065
Argyll Court, Blue Hall Estate 56 units	Older persons scheme that will be reviewed in 2016/17. High turnover during the year.	18,432	20,820
	TOTAL	**870,377**	**839,726**
	TOTAL VOIDS FOR ACCENT GROUP	**1,962,801**	**1,755,951**
	% age of total voids relating to the top 10 schemes	**44.34%**	**47.82%**

This table demonstrates two key outcomes:

1) The work on these schemes is seeing a positive reduction in void loss which is expected to reduce significantly in 2016/17 to c£487k.

2) Even though the total loss on these schemes has decreased the proportion of the total void loss has increased demonstrating that the remaining portfolio of properties is being managed more effectively.

The positive outcomes of the asset management decisions are:

1) In Horden/Blackhall we have generated net cash receipts of £1.7m from the sale of 120 properties that legally completed as at March 2016. These proceeds will be used to fund development of new housing.

   In addition the sales also generate cash by reducing the costs of security, maintenance and empty property council tax liability. In 2014/15 the cost was £475k and in 2015/16 was £572k. The budget for 2016/17 is £167k and for the following year £0k. All this cash saved will help deliver new properties in locations customers want to rent.

   Operational efficiencies in the local housing teams are now emerging and will generate additional savings in 2016/17.

2) We sold the stock at 6 schemes as part of a wider sale of stock in Kent. This stock was too far from our core areas to deliver a quality service and the decision was taken to sell to another RP. The sale generated net cash receipt of £11.6m and an accounting surplus of £880k. The net cash sales receipt of £11.6m are being utilised in the AHP2 programme.

Other disposals

During 2015/16 we disposed of:

Asset	No of	Net cash receipts generated £K	Accounting surplus/(loss) £K
Final staircasing	37	2,384	121
RTB/RTA	9	693	191
Redundant Office space	3	301	180
Voluntary Sales	16	412	(102)
	65	**3,790**	**390**

As we do with income from sales, we ring fence capital receipts from asset disposals for future developments. Accent's capital receipts policy and financial strategy means this income must only be used to create new homes.

Supported Housing Assets

During 2015/16 we have seen 2 large supported housing schemes close due to in year supporting people cuts. In both instances we have had to take difficult decisions to change usage and to fund conversion to general needs lettings rather than continue to provide supported housing. These are currently at planning stage and would expect to deliver 20 new general needs homes in 2017/18.

The decision on what to do with the two schemes was able to be made in a timely way as this year we have developing a solution for each of our 92 supported housing schemes which comprise 492 beds should SP funding be removed or the contribution of a scheme becomes negative.

Planned Maintenance Programme

We have a 30 year plan for investment in sustainable homes. This programme is built on an individual component and individual property basis rather than a scheme basis. This ensures that our asset management strategy is live and based on empirical data about individual component lifecycles.

2015/16 was the first full year of implementing this approach and we have achieved savings of £3.45m, which exceeds last year's target of £2.5m. This saving was due to reduced prices renegotiated with our key suppliers £789k, and reducing the number of components delivered by £2.7m (630 components) due to the application of our active asset management strategy.

The Accent Property Standard costs an extra £640k per annum over the Decent Homes Standard. This delivers a higher standard than the decent home standard by providing a more modern product which meets the priorities of our residents. Examples of the additional works include showers, extra tiling and thermal efficiency works which will reduce running costs of the homes. This should increase the desirability of our homes and decrease turnover and therefore is considered value for money.

When identifying potential savings to meet the budget impact of the 1% rent cut we reviewed whether this presented a cost saving opportunity. The board decided to retain an enhanced property standard, but the component lifespan of the heat systems and electrical systems were extended from 30 to 40 years.

Similarly external decoration cycles were extended from 5 to 7 years. These changes save c. £13m to 2020 and were considered by our Accent Residents Panel to have the least negative impact on residents and the sustainability of the homes.

Development and Acquisition

All of our developments and acquisitions must pass a value for money test before proceeding. These reviews are discussed by the Executive team followed by the Asset Management Committee and ultimately the Board. The scrutiny reflects the importance of these decisions to the strategy of the group.

Developments

Accent has been through a period of significant change as it sought to turnaround a challenging financial position between 2007 and 2010 prior to disposal of its non-core activities. This work concluded in early 2015/16. At this stage Accent had ensured all legacy issues were resolved, business as usual was at least cash neutral so that going forward all new funding and existing funds/ facilities were available for development.

In July 2015 the 1% rent cut was announced. As a consequence Accent needed to re-evaluate its financial position. As a result of bringing forward future efficiency targets Accent has been able to ensure it has retained the position that business as usual is cash neutral. All new funds and existing funds/facilities are available for development. The significant downside is that this has taken c£25m out of the development programme.

As a consequence of the rent cut and other announcements about tenure mix the board has been re-considering its development strategy and this work will conclude by October 2016. The board have approved a tenure mix of up to 50% home ownership and some outright sales in areas where this is considered to be manageable risk. This will be factored into any future or in year bidding for 2016/17. The tenure mix will be flexed to meet demand on a site by site basis as demand varies significantly across our five regions. As a result the development programme has not gathered as much momentum in 2015/16 as was envisaged.

AHP2 programme

The AHP2 programme now contains a total of 244 new homes of which 205 (84%) are for affordable rent and 39 (16%) are for shared ownership.

We currently have £2.4m of RCGF and £780k has been allocated to the revised AHP2 programme. A further £920k has been allocated to additional approved schemes which are subject to HCA approval. The remainder is unallocated but will be used to contribute towards the Shared Ownership and Affordable Homes Programme bids.

Sales

In 2015/16 we have successfully delivered our new build sales programme of 52 homes, including shared ownership sales. Sales income is ring-fenced to support new development and £5.5m was generated to be re-invested in the development programme.

Acquisitions

12 affordable new homes at Harlow Moor Road in Harrogate acquired through a section 106 agreement from a national house builder.

6 properties were bought from households suffering financial hardship. These will be re-let as affordable rented properties.

During 2015/16 Accent has secured an option to purchase land to develop sites in Mawby Close, Fulbourn near Cambridge. This will be part of the development programme in 2017/18.

Total New Homes	Affordable Rent	Shared Ownership	Total Scheme Costs	Total Grant & RCGF	Sales Income	Loan Funding
244	205	39	£25.80m	£4.27m	£3.4m	£18.13m

Offices

The review of our office accommodation continues into 2016/17 following the successful downsizing and closing of regional offices in 2014/15 and 2015/16. Our Peterborough office includes three terraced properties. A decision has been taken to convert these to 6 flats in 2016/17, using funds generated by other asset sales. This will both save costs and generate income as the space is no longer needed by the organisation due to mobile working and other operational efficiencies. The work will in part be funded by RCGF.

The office in Leyland was converted in 6 flats and Nottingham office into 2 flats. This utilised RCGF, will generate future rental income and is part of our Active Asset Management Strategy.

Garage Sites

In the south of England we have a large number of vacant garages. There are 50 sites in total, and following options appraisals we have identified 15 sites to produce 44 affordable new homes, 24 of which we aim deliver as part of AHP2. The mix of these homes will be determined by the anticipated customer demand as most of these sites are small infill sites. Securing planning permissions remains the major challenge and we are working with Surrey Heath Borough Council to resolve these. Planning applications for 3 of the sites have been prepared, but we are anticipating significant challenges. Redevelopment of these sites remains a priority for 2016/17.

A review of other garage sites has been made with a view to looking at an alternative use as storage facilities which will maximise our income on these assets in the future.

Accent Group Consortium

We continue to lead the Accent Group Development Consortium and this received total allocations of £18.7m of grant to produce 757 new homes. Our current forecast indicates that the contracted homes of 757 will increase to 925 with £22.7m of grant. This is due to replacement schemes, in year bids and allocations to new partners joining the consortium. We also received £75k of fee income for providing programme management services to the other Consortium members.

Procurement of Goods and Services

We continue to be a member of the Procurement for All (PfA) procurement consortium. 51.75% of planned and reactive maintenance is procured through PfA, equating to expenditure of £17.18m in 2015/16.

In 2015/16 we also mobilised a number of contracts procured in 2014/15 using PfA, realising savings of £3.9m. These figures are independently verified. We have also agreed a 25% refund on our shareholder fees for 2015/16 due to PFA reporting higher than expected income and lower overheads than anticipated.

We have negotiated an improved service from our insurance supplier, with an updated and more relevant suite of policies and free consultancy around claims prevention to help drive down future costs.

During 2015/16 we launched our project to re-procure our reactive, voids and planned repairs services across the group. Following the significant changes within the social housing sector during 2015 it became clear during the clarification meetings that the proposed contracts were no longer commercially viable for Accent. The Board therefore took the difficult decision to abandon and restart the procurement, giving us the opportunity to review how we will deliver R&M services in future to achieve the best value for money in the current operating environment. This will remain a key VfM target for 2016/17.

Customer Service Delivery

Cost and Quality

In 2015/16 we have redefined the principles which govern our approach to benchmarking and performance management and the board have asked for a new more strategic approach to benchmarking to be developed.

We are currently speaking to providers to establish if there is a source of external benchmarks which is timely, covers more than housing management costs and which fits with our requirement for benchmarking on a relatively small number of business critical KPIs, rather than a high volume of compliance KPIs as in previous years.

HCA Analysis of Cost Variation

On the 8 June 2016 the HCA released its new cost variation analysis. The statistics produced for Accent were at our individual RP level. We have reviewed the methodology and produced the same measures at a group level for 2014/15 and 2015/16.

These are shown in the tables below:

2014/15	Closing social units managed	Headline social cost CPU	Management CPU	Service Charge CPU	Maintenance CPU	Major Repairs CPU	Other social housing costs CPU
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Foundation	11,340	3.72	0.76	0.43	1.33	0.99	0.21
Nene	4,159	2.90	0.67	0.31	1.07	0.73	0.12
Peerless	4,227	3.21	0.71	0.33	1.29	0.72	0.17
Accent Group	19,771	3.39	0.70	0.38	1.25	0.88	0.19
Sector Level Data							
Upper quartile		4.30	1.27	0.61	1.18	1.13	0.41
Median		3.55	0.95	0.36	0.98	0.80	0.20
Lower quartile		3.19	0.70	0.23	0.81	0.53	0.08

In 2014/15 our headline social cost per unit was below median cost, as was our other social housing costs. This reflects the impact of our service reviews combined with our staff costs. Our management costs are in the lowest cost quartile which reflects our focus on frontline services. Our service charges and major repairs costs are just above median. The procurement work in 2016/17 will focus on reducing the major repairs costs. The maintenance cost per unit is in upper quartile. This is what we would have expected. Our active asset management strategy combined with our major repairs and maintenance procurement exercise in 2016/17 is targetted to reduce these costs.

"THE OVERALL PICTURE FROM THE STRATEGIC PERFORMANCE TARGETS IS ONE OF STRONG AND IMPROVING PERFORMANCE IN THE MAJORITY OF KPIS. THE KEY FINANCIAL TARGETS AROUND RENT ARREARS AND VOIDS HAVE NOT ONLY BEEN MET, THEY HAVE BEEN EXCEEDED."

2015/16	Closing social units managed	Headline social cost CPU	Management CPU	Service Charge CPU	Maintenance CPU	Major Repairs CPU	Other social housing costs CPU
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Foundation	11,537	3.40	0.78	0.46	1.33	0.62	0.21
Nene	4,235	2.48	0.67	0.33	1.08	0.31	0.09
Peerless	4,091	3.35	0.70	0.32	1.25	0.96	0.12
Accent Group	19,869	3.11	0.66	0.40	1.26	0.63	0.16
Accent Group 2014-15		4.30	1.27	0.61	1.18	1.13	0.41
Decrease/(increase) cost per unit		3.55	0.95	0.36	0.98	0.80	0.20

The results for 2015/16 show four out of the six measures have decreased in cost and the other two measures have remained the same. This demonstrates our continued focus on driving cost down. If we compare these measures to the quartiles in 2014/15 two are lower quartile, two are below median, one is just above median and maintenance cost remains our only outlier.

Financial benchmarking is undertaken using the global accounts. The results of this benchmarking are included under the Finance section of this assessment. As demonstrated later, our staff costs in 2015/16 have remained under tight control and at the same time our key KPIs have improved. At this stage it is not possible to benchmark those to the wider sector. This will only emerge next year.

We also benchmark our performance internally over time. At the end of the 2015/16 financial year the overall picture from the strategic performance targets is one of strong and improving performance in the majority of KPIs. The key financial targets around rent arrears and voids have not only been met, they have been exceeded.

KPI	2013/14	2014/15	2015/16
% Gas Serviced	100.0%	99.9%	**99.96%**
% First time fix	88.0%	91.4%	**94.0%**
Current tenant arrears	5.4%	4.1%	**3.1%**
Average re-let times (GN & HFOP)	28.2 days	29.8 days	**25.8 days**
Empty Homes	2.3%	2.2%	**1.5%**
Tenancy Turnover	12.2%	11.7%	**11.3%**
Overall Satisfaction with Accent Services	85.0%	81.0%	**81.0%**
Decent Homes Compliance	95.6%	97.1%	**95.76%**
Satisfaction with responsive repairs	92.2%	95.4%	**91.93%**

There are only two areas where performance has not improved over the past twelve months. The Decent Homes Standard (DHS) has decreased to 95.76% which equates to 757 out of 17,869 properties not meeting DHS. This is in line with our agreed strategy on component replacements which is to replace in the year following when their lifecycle is lapsed. This means that whilst we will never achieve 100% DHS at any given time better VfM is achieved as components are not replaced 'ahead' of timescale simply to deliver 100% compliance in year.

Satisfaction with responsive repairs has also reduced slightly. This is not unexpected as a result of the performance dip in the last two quarters in the run up to the now abandoned re-procurement of R&M contracts for 2016. We have now successfully extended all existing contracts to cover the period up until the re-procurement and are confident that performance will improve.

Our investment in Tenancy Sustainability resources is contributing to our improved income collection. The team costs £400k and this year 1,262 residents have been referred to them for support. 82% of referrals subsequently engaged and the team have helped residents source more than £296k of additional income. Although this is not direct income for Accent it does provide additional financial security for the resident, which in turn should help them sustain their tenancy. The level of evictions has been largely maintained with 111 in 2015/16 (compared to 112 in the previous year).

The teams are also actively engaged with tenants in receipt of Universal Credit. Whilst the uptake has been slow this early engagement is paramount in determining how we can effectively work with our tenants to help them manage and pay their rent in the future as the rate of roll out increases.

We have agreed changes to our performance monitoring tool, Qlikview, which will enable us to monitor the actual impact on rent arrears for individual referrals in 2016/17. As well as capturing the rent arrears at the start and end of a referral, we will also be able track cases at 12, 24 and 36 months, to see whether they remain tenants which will help to demonstrate whether the service is helping to address tenancy turnover.

This remains a key challenge for Accent, particularly for tenancies that fail within 12 months. Performance has been static at between 17-18% of new lets for the past three years. In 2015/16 we have spent some time getting under the bonnet of the data we have on reasons for tenancy terminations. This has illustrated that c75% could be within our gift to influence, and perhaps even prevent.

There are a number of steps we are taking which will influence how we manage the terminations process in 2016/17.

These will include:

- Carrying out retention surveys on high turnover schemes to develop local sustainability plans which include actions on ASB and local lettings criteria.
- Measuring how many outgoing tenants are contacted when the tenancy termination notice is received.
- Being clear on the actions staff should take when notice is received in order to influence the tenant to stay.
- Measuring the number of avoided tenancy terminations.

In 2015/16 the board took the decision to cut dedicated staff for resident engagement as this was no longer appropriate for our new strategy of using big data and digital tools to better tailor our engagement with residents. We are reinvesting the savings from this restructure to expand the regional sustainability teams in 2016/17. The additional resources will be focussed on engaging with all new tenants to ensure we are dealing with risk and vulnerability from the outset, and providing support for new tenants, including assisting the transition to Universal Credit.

In 2014/15 we undertook a STAR survey which showed a decline in satisfaction from 85% to 81%. We will be carrying out a sample STAR survey in the summer of 2016 to test how our service improvements over the past 18 months have impacted on global satisfaction. This will be carried out using in-house resources as this offers better value for money, achieving savings of c£15k on external consultants and enabling satisfaction data to be accessed through our own performance monitoring systems.

We also measure satisfaction with transactions throughout the year and with the exception of tenancy sustainability these show a general decline in satisfaction from last year's figures. The reduction is slight in the case of repairs and maintenance, with satisfaction remaining in the above 90% bracket. Of more concern is the sharper drop in satisfaction with ASB case handling and complaints.

These are areas we will focus on in 2016/17 and group wide scrutiny exercises are planned for both. For ASB the focus will be on consistent high quality case management and how we handle noise nuisance complaints in particular as these constitute a significant number of ASB cases. We have also agreed changes to the methodology and measurement of complaints performance, and in 2016/17 satisfaction is to be measured centrally via the contact centre to ensure greater consistency.

Key Performance Indicator	**2013/14**	**2014/15**	**2015/16**
Complaints case handling	84.0%	69.0%	59.0%
ASB case handling	86.1%	91.5%	73.0%
Responsive repairs	92.2%	94.3%	91.93%
Planned maintenance	95.3%	96.2%	95.8%
Tenancy Sustainability	-	98.0%	100.0%

Implementing our digital service strategy

In 2015 we have made two significant changes to how we deliver frontline services. We have not only launched mobile working, we have also consolidated our customer contact arrangements into a single contact centre. These changes were a key element of our strategy to improve the quality and consistency of customer interaction.

The contact centre was completed three months ahead of schedule and we minimised the impact on staff through redeployment into the new centre or into other roles. We are forecasting savings of 10% on actual staff costs, equating to c£90k, to be realised in 2016/17.

Our mobile working solution has been rolled out to 80 frontline staff in housing and maintenance services. This has increased the efficiency of our front line services. In a recent staff survey on mobile working almost 70% of respondents reported that they were seeing more residents as a result of mobile working. Data from our customer relationship management system shows that since mobile working was launched the number of contacts logged by office based staff has remained fairly static. Over the same time period mobile workers have increased the number of contacts with customers by over 90%. 76% of mobile workers also perceive that it has improved service and performance. In 2016/17 we will be enhancing our current systems for monitoring activity levels, such as home visits, to enable more accurate reporting of the benefits of mobile working.

Together these shifts in how we deliver services have created the opportunity to look at reducing regional office space. This process has begun in our North West region and we have moved out of a rented office in Barrow and created an office base within our extra care scheme which will save £30k pa. In 201617 we will also move our regional office in Burnley to a new, smaller office which will reduce associated costs from £75k to £50k pa. There are further plans to dispose of the office in Blackhall and in Bradford utilise the building and surrounding land for additional housing, increasing our revenue stream.

Our overall call answer rate in 2015/16 was 95% against a target of 97.5%. An additional key target was for the new contact centre to manage 80% of customer queries at the first point of contact. The re-structuring of our arrangements inevitably led to some disruption to the service and across the year the contact centre resolved 68% of queries at the first point of contact, without the need for further follow up. Whilst this is an improvement on the 63% figure in 2014/15 it is still short of our target. However as at May 2016 we have started to achieve this level of service and are confident that the new, centralised arrangements will continue to help us maintain that performance. Early satisfaction results with the new service are also strong at over 90%.

We have launched a secure customer portal to enable our customers to access their data. To date we have 3604 customers, representing 17% of our households, with active accounts, who are now able to instantly access information about their rent account, track repairs orders and manage the personal data we hold about them. This has also enabled us to move to online statements rather than sending quarterly rent statements by post. This has saved £50k. In 2016/17 we will further develop how we communicate directly with residents via the portal.

We are continuing to review our communication channels, with an overall aim to achieve 30% of contact via digital methods by 2020. This year we have seen an increase in digital contact to 10%.

In 2014/15 we agreed our strategy for management information and in 2015/16 we have rolled out QlikView software to all operational managers. This allows them to access graphical performance information, and consolidates performance data from multiple sources into a single application.

Our review of tenancy types has continued in 2015/16. This has proved a complex project and the delivery was further impacted by the requirement to implement a 1% rent cut. This was resource intensive due to the significant number of Accent tenancies with rolling rent review dates. The review will continue into 2016/17.

Implementing our people strategy

We are pleased to have achieved IIP accreditation this year. This demonstrates that our People Strategy is paying dividends and that our staff feel valued and motivated, and have the necessary skills to deliver our business plan. This was further evidenced through the results of our staff satisfaction survey. Satisfaction has increased to an all-time high of 82.0% from 77.0% in 2014. This result compares extremely favourably with other organisations especially as response rates were 87.7%.

We invested £309k in externally facilitated training this year, with considerably more training delivered in house by both dedicated staff and practitioners with training skills. There have been 152 training events, with 1,659 delegates in total across all of the training events. The training has been a mixture of externally and internally delivered. The focus on ICT has meant a new ICT training suite was developed. This has been supplemented by regional and national team building events, important in a national organisation for ensuring consistency of approach.

£45k of the budget was committed to vocational training. Currently we have staff undertaking training in variety of ways to achieve an industry wide recognised qualification.

These include:

- BA in Business Management x 2
- BTEC L5 Professional Aware in Neighbourhood Nuisance & ASB x 4
- CIH L3 in Housing Practice x 13
- CIH L4 in Housing Practice x 4
- Post Graduate Diploma in Housing Studies x 1
- Prince 2 Foundation x 1
- L5 Diploma in Housing x 1
- ILM L4 Diploma in Leadership & Management x 1
- L3 Diploma in Mental Health & Social Care x 1
- IIA Certified Internal Auditor x 3
- All mobile enabled surveyors trained to be domestic energy assessors x 25

We continue to invest in apprenticeships and currently have 6 apprentices across our housing, communications, ICT and legal services departments. From our initial tranche of five housing apprentices in 2014/15, four moved into permanent employment with Accent with the other one gaining employment in another organisation.

Accent has benchmarked against its peers using statistics available in Social Housing Magazine for 2014/15. This demonstrates that in the second year since our major restructuring exercise we continue to achieve value for money from our staff resources.

Source: Social Housing re 2014/15

	Sector: top 45 mixed business RPs	**Accent 2014/15**	**Restated FRS102 Accent 2014/15**	**Accent 2015/16**
Average pay	£29,500	£26,800	£26,882	£28,765
Percentage change	+2.0%	-4.6%	-4.4%	7.0%
No of FTE	+2.4%	-0.6%	-1.1%	-4.5%
No of managed units per staff member	29	44.3	44.5	46.5
Percentage change in total staff cost	+4.3%	-8.2%	-8.3%	2.3%
Staff cost per unit	£1,200	£750	£750	£773
Percentage change	+2.3%	-3.8%	-3.8%	1.3%

Accent performs better than the average in all indicators across the sectors top 45.

In 2015/16 the average pay at Accent increased by 7.0% to £28,765. The number of FTEs decreased by a further 4.5% as further efficiencies were made. The average pay increased as the mix of staff evolved. Overall the staff cost per unit remained the same while the number of properties per staff member increased.

Accent board established a median pay policy as part of Fit for the Future in 2013 for themselves and all staff including the executive. This year they commissioned a review of adherence to this policy, including external benchmarking.

For 2016/17 there has been no pay rise for staff except where benchmarking of specific roles indicates that roles were not paid at the median. This was achieved through benchmarking using external information supplied by Inbucon and Reed. Our benchmarking demonstrates that the significant majority of job titles are within +2%-5% of benchmarks.

The analysis of staff by function is as follows:

Category	2013/14	2014/15	2015/16
Administration	89	86	86
Development	13	11	9
Housing	371	373	352
Total staff	473	470	447

The decrease shows the further efficiencies from one staff structure.

Pensions

In 2015/16 we have continued to deliver our pensions strategy and have reached a number of decisions with regard to our pensions schemes.

Pensions costs were reviewed along with all other costs in the group following the 1% rent cut and members were consulted on proposed changes.

For the Accent Group Pension Scheme (AGPS) it was agreed that the 1.0% increase in contributions previously met by the employer to fund future accrual should be absorbed by the employees from 1 April 2016. This will reduce the cost to the employer by £52k per annum. The work on governance simplification has delivered savings of c£90k per annum on the Pension Protection Fund levy which means more of the contributions go to the fund.

For the Defined Benefits section of the Social Housing Pension Scheme (SHPS DB) it was agreed that for benefits arising from service after 1 April 2016 the normal retirement age will be increased from 65 to 67. It was also agreed that a cap of 2.5% (current 5.0%) would apply to the revaluation of members' benefits prior to retirement and to increases to pensions in payment. In addition it was agreed that the employee contribution rate should increase to 10% in line with the AGPS.

Social Value

Accent has reviewed this area of its operations in detail as part of the response to the 1% rent cut. It has concluded that our social value activity is embedded within our core Personal, Modern and Better service offer .Accent has challenged discretionary spend on non-core activity which does not support our tenancy sustainability strategy.

The discussion of board is that the greatest impact Accent has in neighbourhoods is by reducing tenancy turnover. This has the positive impact of stabilising communities. As a result in 2015/16 Accent re-focussed resources from resident engagement to tenancy sustainability, see section 4. This will save £250k in the budget for 2016/17. Our investment on sustainability resources ensures that social value activity is embedded as business as usual service delivery.

The teams assist with access to:

- credit unions and third party money advice services;
- pre-tenancy training;
- handyman services;
- affordable furniture and white goods packages;
- youth engagement activities;
- aids and adaptations to help people stay in or return to their homes.

Sustaining tenancies in this way not only maximises the income for Accent, it also reduces the burden on other publicly funded services and helps to contribute to settled communities.

"A STAFF RESTRUCTURE HAS REDIRECTED RESOURCES FROM RESIDENT ENGAGEMENT TO TENANCY SUSTAINABILITY. THIS REFLECTS THE FINDING THAT MANY RESIDENT ENGAGEMENT ACTIVITIES HAVE ACTUALLY BEEN FOCUSSED ON FINANCIAL OR DIGITAL INCLUSION, CONTRIBUTING TO TENANCY SUSTAINABILITY."

Performance Scrutiny

In 2015 the Accent Residents' Panel commissioned a review into the implementation of our resident engagement strategy. The review was driven by concerns about the effectiveness and consistency of performance scrutiny across the group.

The review made recommendations for how we could improve our approach to resident engagement, but also identified some challenges for Accent with regard to our Customer Service Committees (CSC). As a result we extended the scope of the review to look at CSCs in more detail. A number of significant changes in our approach to resident engagement and the CSCs have resulted from the reviews.

- Our strategy will focus on the use of customer insight and big data, aiming to engage the view of many rather than the few to improve communication, residents' influence and access to services.
- A staff restructure has redirected resources from resident engagement to tenancy sustainability. This reflects the finding that many resident engagement activities have actually been focussed on financial or digital inclusion, contributing to tenancy sustainability.
- We will no longer support formal residents' panels. Very few have involved a significant number of residents, and the outcomes have not matched expectation or impacted significantly on performance.
- The responsibility for regional scrutiny will be undertaken by the five regional CSCs, whose remit has changed to become Compliance and Scrutiny Panels, entirely focussing on improving performance and ensuring consumer standard compliance at a regional level.

We will review the impact of these changes in 2017/18 to ensure they have had a quantifiable impact on service delivery and they have succeeded in communicating that impact to customers.

Organisation and Governance

Governance

Following the success of virtual consolidation in 2013 we have been focussing on legally consolidating the three landlords into one entity which will match the service delivery structure. The approach will be a transfer of engagements from Accent Peerless and Accent Nene to Accent Foundation. Following this the name of Accent Foundation will change to Accent Housing.

The purpose of the consolidation is to make our operational processes and decision making more straightforward and cost efficient, and to increase our financial capacity to deliver more homes. In addition we believe this will reduce risk to the organisation as we will be stronger financially. We are aiming to achieve this by 30 June 2016. This will save c£100k per annum in fees etc but will deliver significant operational efficiencies which are harder to calculate but will impact on staff every day.

Following the external review of our regional committees we have decided to remove the remuneration of £2k per member and replace it with a loss of earnings approach, this will deliver savings of £60k in 2016/17. When we benchmarked our total governance costs of £154k (including CSC remuneration) against the top 45 HAs we ranked joint third highest , with costs similar to those for much larger organisations, some with double our level of turnover.

We have also benchmarked via Campbell Tickell our governance resources externally against a small number of other housing associations. Accent has 1.75 FTEs in place to provide governance support. This compares favourably with the other associations of a similar size within the benchmarking group, with only 1 other HA reporting fewer FTEs. The average was 2.45 FTEs.

We have used in house expertise to develop our assets and liability register, a key requirement for the Governance and Financial Viability Standard. This has saved in the region of £40k on external consultancy fees and software/database development costs. In an associated project to optimise our security arrangements we have also leveraged external expertise at sub-commercial rates to work alongside in house resources. This project has reviewed the quality of title to ensure that unencumbered assets can be used as security, and identified any excess security which can be released.

We have continued to streamline the number of companies within the group and this year a further 4 companies have been struck off, achieving savings of £10k pa on audit and compliance fees.

Finance

We have implemented FRS102 using in house resources. The NHF estimated that implementation would cost in the region of £20 per unit. We estimate that we have achieved this for under £5 per unit, saving c £320k on the total costs, this falls to under £2.50 per unit (£368k saving) if the legal costs our funders compelled us to incur, in agreeing new covenant side-letters, are excluded.

This year we have also re-tendered for the property valuation exercise for the accounts, saving a further £36k.

Benchmarking against the Global Accounts shows that turnover has decreased compared to last year (due to the large programme of property sales in 2014/15) but our margins have continued to improve significantly ahead of the sector with notably our operating cost per unit decreasing by 8.3% in 2015/16 to be £1,356 better than the prior year sector average. This validates the challenging journey Accent has been on over the last few years.

Management cost per unit has increased by 7.8%. This is predominantly driven by one off costs related to specific projects which will contribute to the delivery of our VfM strategy 2016/17 by:

- Unlocking additional capacity through consolidation.
- Unlocking additional capacity through resolving legal issues on certain properties.
- Re-procurement of our reactive, voids and planned repairs services across the group.

	Sector 2014-15	FRS102 restated Accent 2014-15	FRS102 Accent 2015-16
Turnover	3.5%	13.3%	-6.3%
Operating margin (+3.2%)	27.9% (+1.8%)	28.4% (+9.4%)	31.5%
Turnover from social housing lettings	4.2%	3.9%	2.6%
Total operating costs	2.3%	-1.0%	-8.5%
Operating costs per unit	+1.5% £4512	-1.5% £3,442	-8.3% £3,106
Operating surplus (ex valuation reduction)	11%	69.3%	4.1%
EBITDA MRI	+1.4% to 28.7%	+ 15.8% to 30.8%	+ 5.3% to 36.1%
Net surplus (ex valuation movement)	19.5%	15.6%	19.4%
Margin on social housing lettings	31.4%	25.3%	31.5%
Management cost per unit	£1,082 (+4%)	£660 (- 8.9%)	£711 (+ 7.8%)
Average rent per week	£88.00	£89.09	£90.95

SOURCE: Global accounts

Treasury	Sector 2014-15	FRS102 restated Accent 2014-15	FRS102 Accent 2015-16
Fixed debt	n/a	80% 20%	80% 20%
Interest payable	4.70%	4.65%	4.89%
Effective interest rate change	-0.1 to 4.70%	-0.16% to 4.65%	+ 0.23% to 4.89%
Total interest cost including capitalised interest as a % of turnover	n/a	15.64%	16.17%
Gearing	77.0%	52.1%	60.0%
Debt per unit	£28,205	£17,411	£16,743
EBITDA MRI interest cover	153.30%	50.75%	44.76%

SOURCE: Global Accounts 2014/15/Social Housing – The figures for 2014/15 for Accent have been restated for FRS102 whereas the figures for the Global accounts have not.

Overall Accent's treasury position is broadly in line with the sector. The two notable areas are:

- EBITDA MRI - where Accent is appreciably worse and this reflects the impact of Accent Foundationwhere the average rent is lower than most organisations in this group, and the level of voids is higher.
  This position will improve in future years due to the impact of the asset management decisions.
- Interest cost which is declining and freeing up cash for development.

Performance Against Business Plan Year Three

Business Plan 2015/16

Target	Achieved
Invest £34.9m in existing homes	£ 30.3m invested in our existing homes (under budget due to combination of contract price savings, omits as works was not required and deferred investment due to asset management decisions).
Sale of 207 vacant homes in Easington	120 homes sold with net cash receipts of £1.7m
Rationalise offices	As a result of the review 3 redundant offices were disposed generating net cash receipts of £300k and surplus of £180k.
We adopt a prudent position and do not set a budget target for income from sales	£3.5m net cash receipts and an accounting surplus of £200k from sale of 62 properties RTA/RTA, interim and final staircasing sales.
Reduce overall voids by 0.05%,	Overall voids reduced by 19%, and voids available to let reduced by 3.8%
Static arrears	Rent arrears reduced by £600k
1000 residents supported through tenancy sustainability team	1,262 referred 2015/16 1041 engaged 2015/16
93% repairs fixed first time	94% repairs fixed first time
94% repairs appointments kept	93.95% repairs appointments kept
95% satisfaction with repairs	91.93% satisfaction with repairs

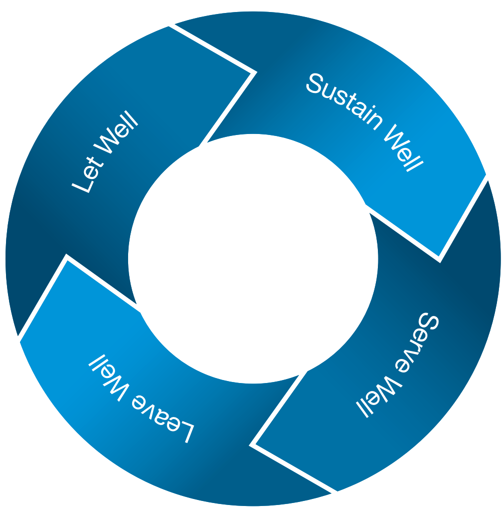
2016/17 VFM Strategy – Making More of a Difference

VFM Theme – Let Well, Sustain Well, Serve Well, Leave Well

Let well: Focussing on letting property to the right customer so turnover is reduced and where this exposes that Accent owns the wrong property then dealing with this issue through Active Asset Management.

Sustain well: Means delivering good quality services that ensure that turnover is reduced particularly in the first twelve months through the tenancy sustainability teams.

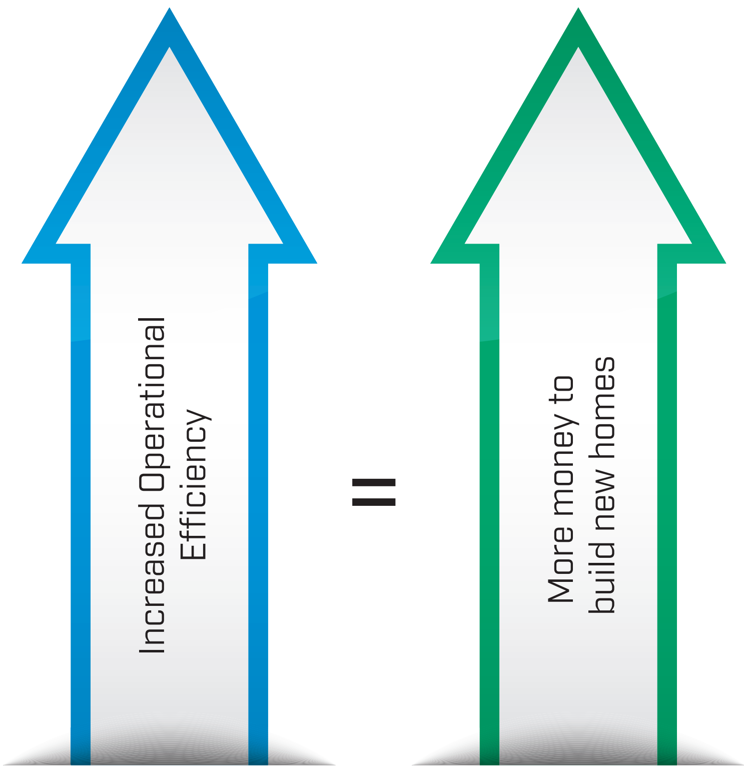
This theme will be supported by the next two digital enablers which will complete in 2016/17. These are the implementation of a new Wide Area Network (WAN) and Local Area Network (LAN) infrastructure solution together with a unified communications platform. This will reduce avoidable contact; encourage the use of lower cost channels for routine enquiries; and increase the availability of specialist staff to focus on key areas such as arrears casework and sustaining tenancies. In parallel with this we will begin an overhaul of our website.



Serve well: Means delivering on our digital service strategy to improve customer access and efficiency, bringing our Personal, Modern and Better objective to life.

Leave well: Means ensuring we understand why customers leave or change tenancy type and manage this efficiently so void times are reduced. It also means ensuring that the development plans deliver the right property for that area.

As ever the underlying value for money aim to develop more homes does not change. We will continue to improve focus on active asset management and deriving greater efficiencies in supplying our core service so that we create more capacity to build more homes. Our existing business plan target is 500 by 2020; our development plan is for 584 homes, and post consolidation we expect to increase this substantially.



"AS EVER THE UNDERLYING VALUE FOR MONEY AIM TO DEVELOP MORE HOMES DOES NOT CHANGE. WE WILL CONTINUE TO IMPROVE FOCUS ON ACTIVE ASSET MANAGEMENT AND DERIVING GREATER EFFICIENCIES IN SUPPLYING OUR CORE SERVICE SO THAT WE CREATE MORE CAPACITY TO BUILD MORE HOMES."

2016/17 VFM Targets

The Board has agreed the following VfM targets for 2016/17

Return on Assets

1. Asset Management
   - Complete sale of 130 empty Horden/Blackhall properties generating net cash receipts of £1.9m
   - Complete sale of 45 other non core assets identified for sale generating income £1.6m

2. Development and Acquisition
   - Complete the existing development programme of 584 homes, subject to approval
   - Develop the new additional development programme to 2020
   - Complete the remodelling of office buildings to create 6 new homes
   - Complete the remodelling of supported property to create 20 new homes
   - Complete the review of existing office accommodation to enable conversion to homes or sale to down size the portfolio

3. Procurement
   - Procure the new maintenance contracts for the next 10 years
   - Procure insurance cover for the next three years saving 5% on the premium cost

Service Delivery

1. Cost and Quality
   - Develop the new service offer for implementation in 2017/18
   - Reduce void loss by £519k to £750k
   - Reduce tenancy turnover by 1.05% to 10.25%
   - Reduce tenancies terminated in less than 12 months to 289
   - Reduce current tenant arrears by £429k
   - Complete and action the review of supported housing schemes
   - Exit underutilised office accommodation to free up cash of c£80k per annum from 2017/18
   - Planned exit from 2 further offices during the year will save a further £120k in running costs from 2017/18 and generate rent income as these will be converted into 18 flats
   - 80% of CC transactions dealt with at 1st call, reducing cost to serve

2. People
   - Develop new People strategy to support the digital/channel shift agenda
   - Develop the learning and development programme
   - Continue to deliver the apprentice programme
   - Maintain the level of staff satisfaction

3. Performance Scrutiny
   - CSC remuneration removed, saving £60k
   - Recruiting to the CSCs to ensure that performance scrutiny is delivered effectively
   - Continue to review service streams to ensure they are VfM
   - Implement the new strategic performance report combined with local reporting to the CSCs

Governance and Finance

1. Governance
    - Complete the consolidation project
    - Complete the review of unsecured property
    - Streamline our security trust arrangements to generate greater capacity for the group

2. Finance
    - Raise £25m new funds for the development programme
    - Restructure the treasury portfolio to reduce costs post consolidation

2017/20 VfM Targets

Over the next three years our focus for delivering VfM is to launch our new Accent Service Offer. This will deliver at least £3.2m savings. We will do this by changing how services are delivered to match the needs and expectations of our customers as we move into an ever more digital age.

We will use the efficiency gains and our improving capacity to maximise our available security to raise additional funds.

The funds will be used to deliver over 1000 homes via SOHAP and our own independent development programme.

Appendix 1 – Assessment against VfM Standard

Registered providers shall:

Have a robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade-offs and opportunity costs of its decisions.	Our strategy for driving Value for Money is embedded within our Business Plan and supporting strategies and can be summarised as 'achieving more with less'. This strategy has continued to be delivered successfully in 2015/16. The Board and management continue to review appropriate resource allocation, taking difficult decisions where necessary. These decisions have been reached using: • BRIXX financial modelling against the 5 and 30 year financial plans • ProVal - an appraisal model for new developments and re-developments • Analysis of performance against KPIs, including benchmarking • Analysis of stock performance against our asset management matrix • Procurement exercises and Procurement for All - a procurement consortium • Analysis of the external environment and customer needs and expectations As a result we have continued to significantly invest in sustainable existing stock whilst reaching decisions to dispose of stock which is unsustainable. We have continued to invest in the provision of new homes whilst addressing legacy asset management issues. We have further revised our organisational restructure, transferring staffing budgets from resident engagement to tenancy sustainability, where our investment will contribute to increased income.

Understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models – measured against the organisation's purpose and objectives	We have completed work on our asset register which ensures we have accurate knowledge of all our property including by property, valuation, original cost, grant, whether pledged as security and that it is all registered at the Land Registry. We have a property level asset management matrix which assesses the return on each asset. This is our key decision making tool for improving value for money in asset management. Analysis of stock against the asset management matrix identified sustainability concerns for a number of schemes. Separately an analysis of void costs per scheme identified that 10 schemes accounted for 47% of our void loss in 2015/16. There is a strong correlation between the matrix and void issues. As a consequence we have undertaken options appraisals and agreed a specific action plan to address each of these schemes. These action plans include disposal, redevelopment and management decisions and will save c£1,400k in revenue costs per annum. We ring fence capital receipts from asset disposals for future developments. This year we have sold a number of non core assets plus various right to buy/ right to acquire. These have contributed to help fund our allocation of grant under AHP 2. The Accent Property Standard governs investment in sustainable homes and has changed the way in which we develop our planned programme. This is based on empirical data about the replacement timescales for individual components. In 2015/16 we have agreed consistent timescales for the replacement of kitchens and bathrooms across the Group, reducing the total budget for achieving/maintaining the standard by 2020 from £77m to £57m. We procure 52% of planned and reactive maintenance through Procurement for All and have achieved savings of £3.9m in 2015/16. We are also re-procuring our reactive and planned maintenance contracts and as part of the procurement exercise we have considered a range of alternative delivery models to replace the existing contracts.

Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance	In 2015/16 we have continued to review and improve performance reporting and agreed a future framework which more clearly splits out annual benchmarking measures from ongoing performance indications. Board receive a strategic overview of key performance measures quarterly, with more detailed performance information considered by the regional customer service committees. We completed the roll out of our software tool which improves manager access to performance information, consolidating relevant data from multiple sources into a single application. We benchmark performance externally using Housemark; however the time lag between year end results and the annual benchmarking reports means that we also benchmark performance over time internally. Financial benchmarking is undertaken using the global accounts, other publicly available data and we will use professional networks to benchmark where appropriate, such as the pay increase benchmark undertaken this year. This year we have completed an external review of our resident engagement strategy and as a result have agreed a significant change in approach. We have moved away from over reliance on traditional residents' panels and agreed to develop our use of digital engagement and customer insight to improve service and performance. We are evolving our regional committees to focus on compliance with the consumer standards and performance scrutiny.

Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so	Our self assessment demonstrates a number of areas of strong financial performance n 2015/16: • Operating surplus increased by 4.1% • Staff cost per unit at £773 • Operating cost per unit reduced by 8.3% • Total operating costs reduced by 8.5% Housemark benchmarking is not yet reflecting the financial and quality improvements made in 2015/16 as the data we have relates to 2014/15. However our internal performance reporting also demonstrates improving positions in the majority of KPIs: • Rent arrears reduced by 1% • Re-let times reduced by 4 days • Empty homes reduced by 0.7% • Turnover reduced by 0.4% • First time fix on repairs increased by 2.6% Key performance challenges are: • To make a more significant improvement in tenancy turnover, particularly for those tenancies terminating within the first 12 months. • Overall tenant satisfaction as measured through STAR survey. The 2014/15 survey results dropped by 4% on the previous year. We hope that the improved service being delivered by the contact centre and the improved access to mobile enabled staff will deliver improved results when the next survey is carried out in 2016/17. • Satisfaction with responsive repairs, which has taken a hit in 2015/16 during the run up to the abandoned re-procurement. The extension of existing contracts should impact positively on satisfaction in 2016/17.

Registered providers' boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives.

The full self-assessment of Accent's performance against the VFM standard is published within the Open and Honest page of our website. A summary for residents will be included within our annual performance report for residents, which is published in October each year. We believe that the assessment demonstrates how we meet the standard and also ensures that stakeholders can:

- Understand the return on our assets
- The costs of delivering our services and how these compare to others
- Understand our value for money gains, and our future value for money targets.

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If you have any queries regarding this document please contact:
Rachael Walsh, Head of Strategy & Regulation | Email: rachael.walsh@accentgroup.org

@rachaelwaccent