asra Housing Group's

Value For Money (VFM) Self-Assessment Statement 2013-14

Aims of asra's VFM Strategy

The aim of the strategy is to support the corporate priorities of the Group. These priorities are centred on meeting the needs of our customers:

- 90% customer satisfaction – supported by:
  - Service improvement – by focusing on delivery of repairs service;
  - Improving customer homes – investing the right amount on homes;

- Financial Viability – improving our financial performance (measured by Operating Margin); and
- Providing new homes for people in need.

Taking into account the information in this self-assessment, we feel we have demonstrated our current plans and approach to VFM and therefore comply with the current Homes and Communities Agency Standard.

How we deliver Value for Money

Improving Operational Efficiency and Effectiveness

- Achieving quality services for our customers at the best possible price, where appropriate redirecting resources to services delivering a positive impact on customers;
- Reviewing business operations and benchmarking to ensure the Group is delivering good performance;

Use of Assets

- Maximising the return on existing and new assets;

Embedding VFM in the organisation

- Deepening the culture of VFM within the organisation;
- Ensuring residents are engaged in VFM; and
- Ensuring commitment from Board Members in the achievement of VFM.

Planning and Monitoring

The Board receives quarterly financial management accounts and performance reports. The oversight of VFM strategy is through the asra's Value for Money Group and Group Management team. This includes monitoring all VFM actions and projects. There is also a separate Investment Panel that scrutinises all new developments and monitors returns on investment.

Resident scrutiny is conducted by a tenant member represented on the VFM Group, reporting back to the Tenant Scrutiny Panel. This Panel is made up of tenant representatives and facilitated by an independent Housing professional from outside of the Group. This Panel reports its activities directly to the Board.

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VFM Self-Assessment Statement 2013-14 - continued

Asra's VFM journey started in 2011. Renewing focus to meet customer's expectations was key. Focusing on improving services, operational performance and creating a strong financial platform has been a strong theme as well as reducing our operating costs. Improving financial performance has a direct link to investing in our customers' homes and providing much needed new homes.

Over the last few years we have made significant achievements:

Operational Efficiency:

a) Delivered 10% savings on management costs : £1.68m savings;

b) The Sanctuary Group transaction, which involved a swap of our care homes for an additional 1,000 units with no impact on back-office costs, and only a marginal increase in the front line resources;

c) Exited businesses that were not performing well;

d) Rationalised the Group Structure with the collapse of three smaller companies and the sale of our Care homes;

e) A Costing exercise in 2012 with Baker Tilly reported back office costs in the "upper quartile" on cost efficiency against a similar peer group.

Operational Effectiveness

f) Successfully piloted a Direct Labour Organisation (DLO) in Northampton to deliver better customer satisfaction and quality service, for the same cost as a previously under-performing outsourced contract. This was successful and made permanent in 2013. The Group is considering plans to extend this service to other areas in the future.

Return on Assets

g) The Group is an investment partner with the HCA and has been allocated £22m grant to develop 800 new affordable homes in the 2011- 2015 programme. The Group will be investing £95m in new homes over this period.

h) The Group's current target return on assets for new developments is 6% which it has achieved for the 2011-15 program. In the longer term, asset valuations will be maximised by ensuring that our target rents are met and that long term maintenance and management costs are kept within benchmark levels.

i) As part of the exit strategy from Care homes, ASRA and LHA swapped 7 care homes during 2012-13, as part of a wider agreement for 1,000 units from Sanctuary Group.

Continuous Improvement

The Board recognises the importance of building on the VFM initiatives. The Group sees continuous improvement as a key element in meeting more of our customer's expectations by improving performance and achieving better financial return to invest in our services.

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VFM Self-Assessment Statement 2013-14 - continued

How we measure VFM

We measure VFM by linking it directly to the corporate priorities of achieving:

- 90% Customer Satisfaction;
- Providing new homes for people in need; and
- Improving financial performance (as measured through our Operating Margin).

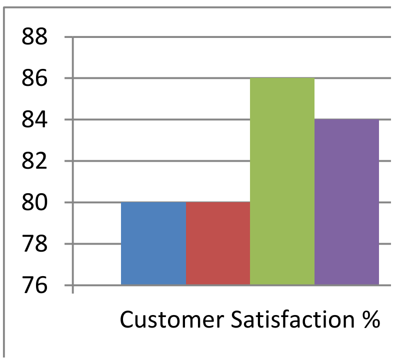
Measuring overall satisfaction with our service captures all aspects of our business operations and provides an indicator of how well we are meeting our customer's expectations. This area is directly linked to operations and we review performance in a number of service areas to ensure services are being delivered effectively, such as:

- % of all customer queries resolved first time by Customer Contact Centre
- Satisfaction with complaints and resolution
- % of routine repairs completed within target time
- Appointments kept as a % of appointments made
- Customer satisfaction % with repairs
- Anti-Social Behaviour Case Review and Resolution

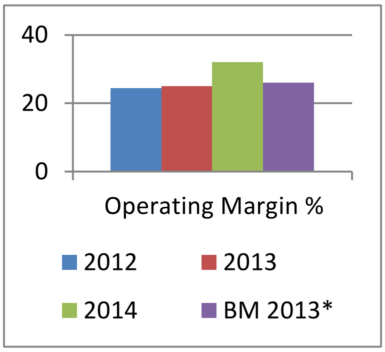
Improving our financial performance, achieves a number goals for the Group. It enables investment in our services and tenants homes as well as providing the ability to build new homes for customers. Clearly, there is a link between investing in our tenants' homes and overall customer satisfaction. The Group measures operating margin to assess the efficiency of services being delivered.

The graphs below show the Group's performance in the above key areas in the last three years:

Customer Satisfaction



Financial performance (Operating Margin)



* Benchmark 2013 Customer Satisfaction source is Housemark "traditionals" median quartile satisfaction percentage.

* Benchmark 2013 Financial Performance source is the operating margin for traditional registered providers per the HCA Global accounts.

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VFM Self-Assessment Statement 2013-14 - continued

Customer Satisfaction

Over 10,000 customers completed surveys during 2013-14, resulting in an 86% customer satisfaction rate. The overall performance has remained strong over the last few years at between 80-86%. Based on a Housemark benchmark of comparative organisations the median % is 84% with top quartile being 88%. We are comparing well and want to do better.

86% is a strong achievement given the reduction in staffing during 2012-13, and absorbing the operations of ASRA Midlands in the same year. We have set a top quartile target of 90% for 2014-15, and our focus is to achieve that target. One of the ways we set out to meet this target was by deploying a knowledge based system in the Customer Contact Centre. The purpose of this system is to enable call agents to fix more of the issues at the first time of customers calling. We expect to see this system fully implemented by end of March 2015.

Financial performance (as measured by Operating Margin)

The Group's VFM initiatives have played a large part in the Operating Margin increasing from 24% to 32% during 2012 to 2014. The latest comparison based on 2013 Accounts of the top 45 traditional RPs the average benchmark margin is 26%. This provides us with a strong indicator of efficiency. The Group is maintaining a tight control on costs and managing new units using the existing operational base. Over the period the income increased by 17% whereas the expenditure increased by only 7%.

New Homes for our customers

One of the corporate aims' that our VFM plan supports', is the delivery of new homes to new customers. Our Board recognises that it is our responsibility to look after existing tenants in their homes and also to provide new homes for people who are currently seeking affordable accommodation. The focus on efficiency and improving financial performance provides greater opportunity to invest in new homes.

We secured £22m grant funding from HCA and the Greater London Authority to build 800 new homes under the 2011-15 Affordable Homes programme. A change in the funding environment has resulted in reduced capital subsidy for new homes and grant funding is now available for 'Affordable Rent' homes. This means we have take on more debt and higher interest costs and to pay for this increase rents are set at up to 80% of market rent.

By March 2014 the group had delivered 325 homes to date under this programme with 482 units to be delivered in 2014-15.

We measure success on our new development programme by:

- Requiring a minimum financial return for new developments of 6%;
- Programme monitoring by the Investment Panel to ensure it remains within budget;
- Setting internal timescales and monitoring costs on a monthly basis.

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VFM Self-Assessment Statement 2013-14 – continued

Scrutiny of our performance

Board

The Board receives quarterly financial management accounts and performance reports. The oversight of VFM strategy is through the asra's Value for Money Group and Group Management team. This includes all VFM actions. There is also a separate Investment Panel that scrutinises all new developments, monitoring return on investment.

Board Members

The Board members are involved in the following ways to review our performance:

- Any specific decisions by the board on operational proposals are made after full consideration of all relevant factors including Value for Money. A business case is also submitted for each proposal;
- All strategic plans are submitted to the board for review and approval;
- Progress on operational performance is reported to the Board on a regular basis;
- All budgets are approved by Board and target saving areas are identified;
- Financial performance reports are sent to the board on a regular basis detailing Group performance against budget and full year forecast;
- The Risk and Audit committee approves, on behalf of the Board, the VFM self-assessment statement;
- Members challenge officers on operational performance as well as financial outcomes.

VFM Self-Assessment Statement 2013-14 - continued

Resident Involvement

Asra involves tenants at the centre of its operations, through a dedicated Group – “Scrutiny Panel”. The Panel is independent, tenant led and is free to determine its’ activities. Actions from the Group have led to improved services for customers and have also helped in increasing satisfaction and achieving efficiencies.

The Scrutiny Panel has inspected a number of service areas to date, these include:

- Complaints Process Review (Jul 2012 – Feb 2013)
- Voids Re-let Review (Nov 2012 – Jun 2013)
- Service Charges (Apr 2013 – Jan 2014)
- Income (Oct 2013 – Jun 2014)

A number of recommendations from the Panel have been implemented resulting in service improvement and customer satisfaction. Further information on this is available on our website within the VFM section. www.asra.org.uk/vfm

Staff

We have rolled out training on procurement and VFM to build a challenging culture within the Group. This means that VFM becomes ‘part of the day job’ for everyone in asra. Training sessions on procurement have taken place during the year and further training is planned for 2014-15. The training programme has, in the first instance, targeted managers that have performance or procurement responsibilities. We have built this training as an annual exercise.

We also use our in-house procurement specialist to challenge managers in their procurement decisions at the time when contracts are being tendered. This allows a more meaningful challenge before purchasing decisions are made, to produce a VFM for the Group.

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VFM Self-Assessment Statement 2013-14 - continued

Update on VFM objectives set for 2013-14

In 2013 the Group planned a number of VFM projects for the year. The aim of these projects was to achieve operational efficiencies and greater effectiveness in delivery of our services. The update of the projects is shown below, together with two case studies.

Operational Efficiency

Target Set		Performance
Maintain management costs; and operating margins at sector level of c25% or better.	Met	Management costs have fallen by £3.1m despite lettings turnover increasing by £3.6m (due to redundancies and structural changes in 2012-13). The operating margin is 32%.
Procurement savings cashable target set at £250k	Met	Cashable procurement savings of £0.5m were achieved. Invest to save schemes were responsible for £30k, the rest was as a result of review and/or re-tendering of existing contracts.
Exit last directly managed care home – Dovecote.	Met	Focusing on core business – the Dovecote Care home was sold during the year.
Return on Assets – release £2m from non rental units	Not Met	The Group disposed of vacant commercial property and a care home during the year for £1.1m
Reduction in void properties from 350 to 150 by the end of the year	Met	As at March 2014 the number of void properties was 147. This was achieved by recruiting more staff and joint working between the housing and income team. Our new furniture rental packs have helped reduce void levels by providing furnished tenancies. See our case study on Property Shop for more details of action saving £500k p.a on void loss.

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VFM Self-Assessment Statement 2013-14 - continued

Update on VFM objectives set for 2013-14 - continued

Operational Effectiveness

Invest in the customer call centre to achieve an 80/20 fix first time	Met	In 2013-14 we achieved an 85% first time fix i.e. resolving customer enquiry in one interaction. We invested in two additional advisors and additional in-house training programs to train staff. We plan to invest c£90k on knowledge based software to improve "first time fix" during 2014-15.
Repairs service (now known as ASRA Property Services "APS") expansion to increase customer satisfaction to over 90% with repairs	Met	Met for Northampton Area – original DLO area. The % satisfaction outside of the DLO area was 77%.
Partnership with repairs contractors to improve performance on repairs right first time from 95% to 97.5%.	n/a to note	This performance indicator is no longer measured. Actual data for key repairs measures are: ✓ Completion within target time 96.7% (Target: 95%) ✓ Emergency Repairs within target time 99.1% (Target: 99%) ✓ Customer satisfaction with repairs 77% (target 90%)

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VFM Self-Assessment Statement 2013-14 - continued

Efficiency Projects 2013-14

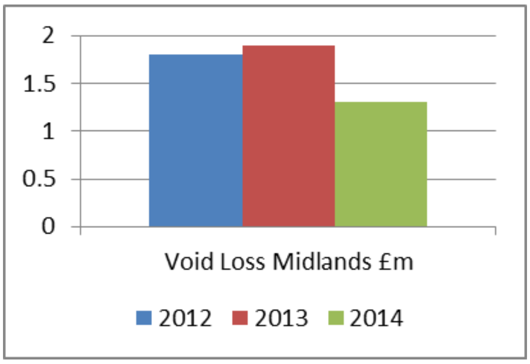
Case study 1: Property shop

Nearly 5% of the Group's homes were void at any time in the Midlands during 2011-12. We set out a specific project to halve this number and launched a number of initiatives including "Property Shop" which brings together all areas of the business that manage empty properties, whether it be for rent or sale. Property Shop provides a much needed tool for our business to compete with other landlords. This initiative was as a direct result of re-negotiation of our nomination agreements with Local Authorities to give the Group greater autonomy to nominate void property allocation to our Group's tenant waiting list rather than the Local Authority list.

The result of the project to 31 March 2014 is that the number of void properties has fallen from 350 to 147 (against a target of 150 for 2013-14)

Midland void loss has reduced from the peak level of £1.9m at 31 March 2013 to £1.3m at 31 March 2014. This is 4% of total Midlands housing lettings income. As a comparator in the local region void loss is between 2% and 4.5%. Therefore, our aim is to ensure we retain focus and aim to improve this position in 2015 to 3.5%. To add to this, we have also reduced the number of days that General Needs properties are void to 36 days* – which is currently lower median performance. The target is set at 28 days (upper median) to be achieved by 31 March 2015.
* = Group performance at August 2014

£m



How we achieved this

- Centralising and specialising the Lettings Team has ensured that as an organisation we are providing a seamless service to our new tenants;
- Completing a review of the Lettings process to ensure that it is as 'lean' as possible and reviewing this on a regular basis;
- Re-negotiation of our nomination agreements with Local Authorities;
- Marketing properties ourselves and setting up our own waiting list;
- Adopting a more commercial approach to marketing our properties;
- Investing £90k in new systems and website - (Property Shop);
- Introducing incentives for prospective customers.

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VFM Self-Assessment Statement 2013-14 - continued

Continuing Challenge

We have made progress in reducing Midlands void homes and re-let times and want to improve performance further. The local market is very competitive, with private landlords competing with social landlords on rents and providing better furnished properties. Our Midlands lettings team is improving our offer to customers by offering furniture packs. This makes the properties more attractive to tenants by letting them choose a range of furnishing to suit their budget when they move into their homes. The Board is monitoring this area closely to ensure we stay on track to continue to reduce re-let times and overall void properties.

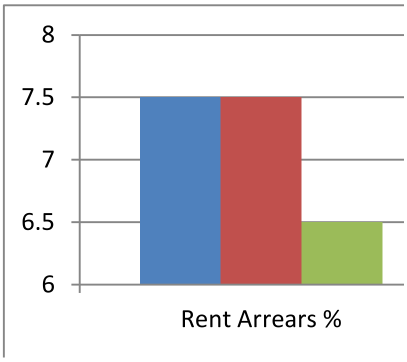
Case study 2: Rent Collection

One of the Group's key projects during the year has been to improve its rent collection performance. We saw this as an important step given that the welfare reforms will mean housing benefit will be paid direct to tenants rather than to landlords in the future. We invested in a new performance management tool to help our income officers prioritise their work and be able to assess potential rent arrears earlier. This enables early action to prevent rent arrears from escalating.

The rent collection target is set at 101%. This means that the Group recovers more than the rent due in the year thereby reducing overall rent arrears. During the year our rent collection has improved to 100.7% of rent due (top quartile benchmark is at 100%).

At the same time the overall rent arrears have fallen by 0.8% to 4.6%, this is still lower quartile performance, however, it is improving. We aim to improve this performance by maintaining the rent collection target of 101% and setting a target for rent arrears at 4% for 2014-15.

Performance to date is shown below:



*The benchmark for rent collection is from the 2013 HCA Global Accounts (Traditional Housing Associations greater than 7,500 units).

*Please note the HCA Global Accounts (Traditional Housing Associations) benchmark for Rent Arrears is not directly comparable as it relates to current tenants arrears only whilst the % above are based on gross rent arrears and inclusive of ex-tenant rent arrears.

VFM Self-Assessment Statement 2013-14 - continued

Benchmarking

Benchmarking is an essential tool in measuring; monitoring and reviewing both internal and external costs and a key driver in assisting us to achieve our aims. Rather than answering questions about costs, it prompts us to ask questions about where we are spending our money.

Comparing asra to other similar sized Midlands organisations in the sector and across a range of measures (all 2012-13 statistics) points to a strong performance in absolute and relative terms in the areas of:

- Statutory operating margin;
- Maintenance repair cost;
- % additional income retained (of additional income received).

But a poor performance for 2012-13 in the areas of:

- Management costs ;
- Bad debts;
- Rent Arrears.

The tables below illustrate the benchmarking of asra for 2012-13 using statistics obtained from published audited financial statements. The HCA Global Accounts data used is for traditional housing associations (all of England and Wales). The rent arrears % figure from the HCA Global Accounts shown in the “Gross arrears as a % of rents” graph is for all stock tenure, current tenants only i.e. net rather than gross arrears, and therefore not directly comparable.

The Group is not an active member of Housemark and therefore has been unable to report in detail on the cost of services and performance in comparison to a relevant peer group. The Group is committed to improving the organisations approach to benchmarking performance and cost with a relevant peer group in 2014-15 by fully utilising Housemark benchmarking services.

The same exercise will be repeated using 2013-14 figures as soon as they are available.

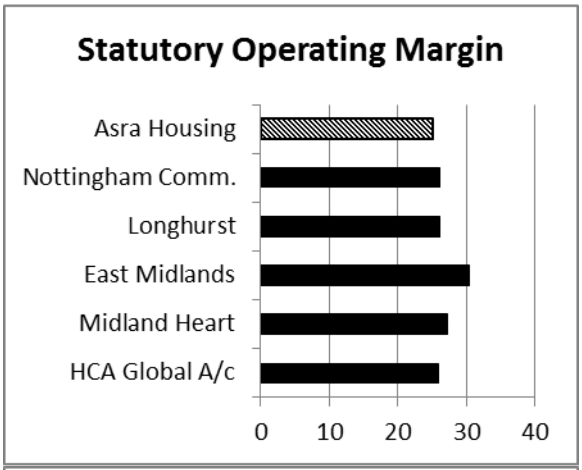
We expect to strongly improve in management costs because they have fallen by £3.1m (due to redundancies made during 2012-13) despite lettings turnover increasing by £3.6m.

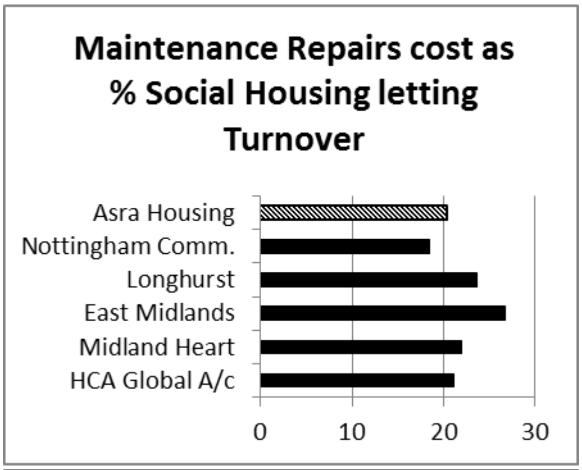
The Bad debt ratio is based on the bad debt write off in the audited financial statements as unrecoverable.

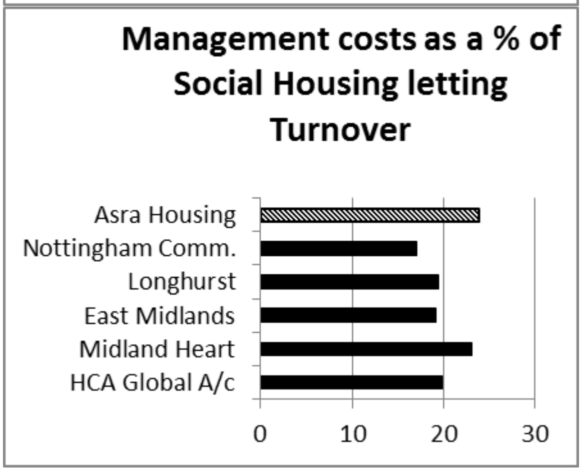
Gross rent arrears have fallen from £4.4m at 31 March 2013 to £4.1m at 31 March 2014 despite lettings turnover increasing by £3.6m so we expect to perform more favourably against our peers in the 2013-14 benchmarking exercise.

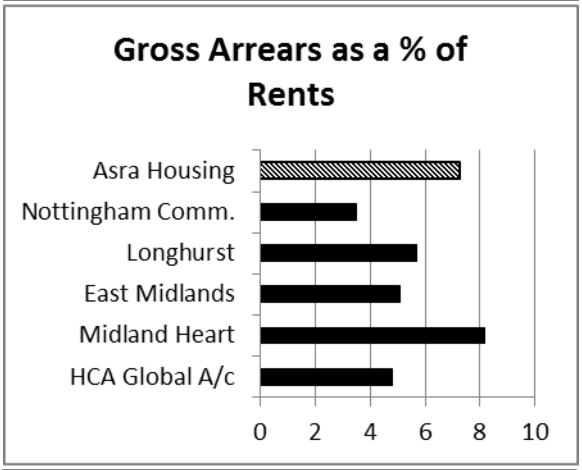
VFM Self-Assessment Statement 2013-14- continued

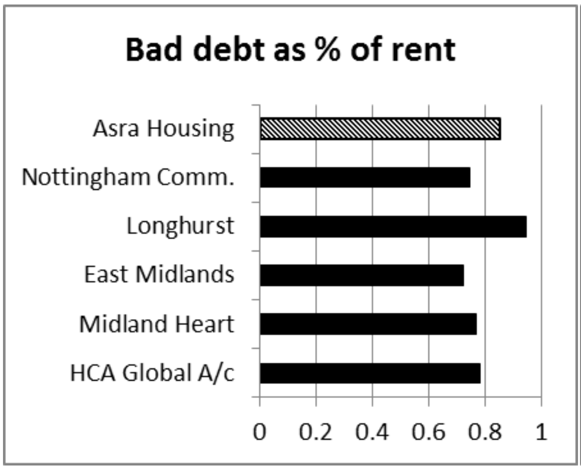
Benchmarking

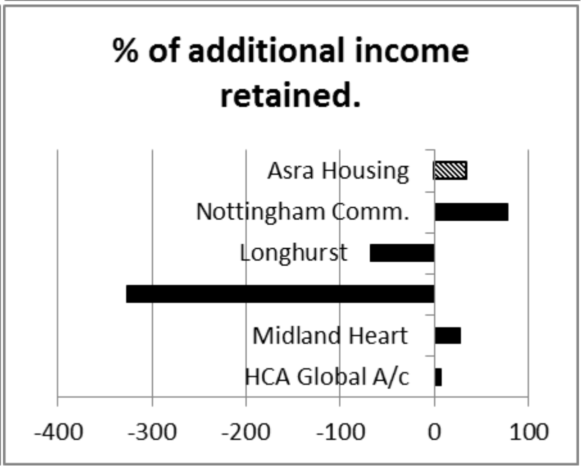












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VFM Self-Assessment Statement 2013-14- continued

Benchmarking

Statutory operating margin
This measures the operating surplus as a percentage of the turnover in the financial year. It is a measure of how efficiently the income generated in the year has been used. The Group's operating margin for 2012-13 was 25.1% (2011-12 – 24.3%). The improvement in this area can be attributed to 11% savings on salary costs during 2012-13 and the benefits of other decisions made listed under the Return on Assets section. The HCA Global figure for this KPI was 25.9%. This implies Group's performance was around the average achieved by other housing providers during the 2012-13. It should be noted that the Group's operating margin for 2013-14 has increased to 32%.

Maintenance Repairs cost as % Social Housing letting Turnover
This indicator measures the Group's ability to manage repairs costs efficiently. It indicates how much of the rental income generated is spent on the maintenance of homes. A very high percentage would indicate inefficiency in managing the condition of our homes via the stock investment program whilst a very low percentage would indicate that the Group is not undertaking the necessary repairs needed to maintain homes to the acceptable decent homes standard. Asra measured at 20.3% as compared to 21.1% for HCA Global. This implies the Group spends 20.3p of every pound received on repairs – 1.1p less than the average in the sector. The group uses a mix of in-house Property Services and external contractors.

Management costs as a % of Social Housing letting Turnover
This indicates the effectiveness with which the Group has generated the rental income for the year. The management cost comprise of all the staff costs and overheads incurred in the provision of the housing services during the year. As per the graph, the Group's performance in this area for 2012-13 was 23.9% (2011-12 – 27.93%) an improving performance. The HCA global figure was lower at 19.9% which implies the Group spent an additional 4p as compared to its peers, to provide a similar level of housing service. We expect to strongly improve in management costs benchmarking for 2013-14 because they have fallen by £3.1m (due to redundancies made during 2012-13) despite lettings turnover increasing by £3.6m.

Gross Arrears as a % of Rents
This measures the effectiveness with which the rents are collected. A high % in this area is an indication of an additional financial cost to fund the housing services provided to tenants, in the form of interest costs. The Group aims to improve its performance in this area year on year. In 2012-13 the Group's arrears were 7.3% as compared to 7.2% in 2011-12. This means that as at March 2013 there was 7.3p outstanding debt for every pound of rental income charged. The HCA Global accounts only show rent arrears net of bad debt provisions (at 4.8%) and are therefore not comparable as bad debt provisioning policies vary amongst our peers. The Group's percentage on a net basis is 4.5% for 2012-13 due to our conservative bad debt policy (3.9% for 2013-14).

Bad debt as % of rent
This measure shows the percentage of rental income that was written off during the year as un-collectable. The Group had 0.85% as bad debt written off during 2012-13 as compared to 0.93% in 2011-12. However, though an improvement over the last financial year, the Group will aim to lower this % further towards the HCA Global performance of 0.78%. The performance in this area is affected by the recent introduction of the bedroom tax.

VFM Self-Assessment Statement 2013-14- continued

Benchmarking

% of additional income retained
This provides an indication in percentage terms of how much of the increase in surplus for the financial year has been generated by the increase in turnover during that period. A large percentage implies that majority of the surplus has been generated by operational efficiency rather than the increase in turnover amount. A small or negative percentage would indicate operational inefficiency in that despite the rise in turnover the retained surplus for the period has decreased. The Group's % additional income retained was reported at 34.2% as compared to the HCA Global reported at 7.9%. This implies that 34.2p of every pound retained as surplus was due to operational efficiency and increase in other income rather than increase in turnover.

VFM Self-Assessment Statement 2013-14- continued

Managing our Assets

The Group owns and manages over 13,400 homes across the Midlands, Greater London and the South East including the provision of care, support and housing to those with special needs.

We operate four key business streams:

- housing for rent, primarily by families who are unable to rent at open market rates;
- supported housing and care for people who need additional housing-related support or additional care;
- low-cost home ownership, primarily shared ownership; and
- managed services for local housing social co-operatives.

Units of accommodation for our operations are split as follows:

	2014 Number	2013 Number
In Management		
Rented	10,512	10,659
Affordable rent	348	134
Intermediate rent	364	330
Supported housing	396	393
Shared ownership	528	522
Managed for others	1,002	1,023
Market rented/PFI	331	310
Registered care homes	-	18
Total accommodation	13,481	13,389

Our focus on managing our assets is to ensure that all our stock is available for our customers. This means that we:

- Ensure the availability of stock for our customers is maximised – See case study 1;
- Ensure we have an active asset management plan to deal with low demand and empty properties;
- Ensure we are investing in our stock.

Active Housing stock reviews

The Group manages and monitors its homes to ensure maximum return on its investment. This is underpinned by the philosophy that as a social housing provider we will have all our assets let to our customers. Clearly, as with all large landlords, there are times when some assets become obsolete or not fit for purpose. In these instances we use a number of ways to manage our assets such as redevelop, sell or swap, one of the main processes is detailed below.

Demand led review of our homes

Lettability and tenancy sustainability is one of the key factors when considering the performance of our housing stock. A rating measuring the lettability of the stock is applied to all general needs homes:

Red	-	poor location, higher than normal turnover, refused more than 3 times, no bids placed, short list or waiting list exhausted.
Amber	-	Property refused 1-3 times, limited waiting list.
Green	-	Low turnover and high demand.

By cross referencing this rating to other known data, a small number of properties on specific streets are approved for disposal when they next become void. An example is East View, Whaley Thorns, located in North Notts.

A Groupwide Disposal Rule has also been introduced and approved. Under this rule any house with a red lettability rating that requires investment at void that is “higher than a sum equal to 18 months of the current proposed rent” is placed in the disposal process and sold. The rationale is that given the property is going to be difficult to let and unable to secure a long term letting, it is likely to return to void status before this investment is repaid and hence poor value for money.

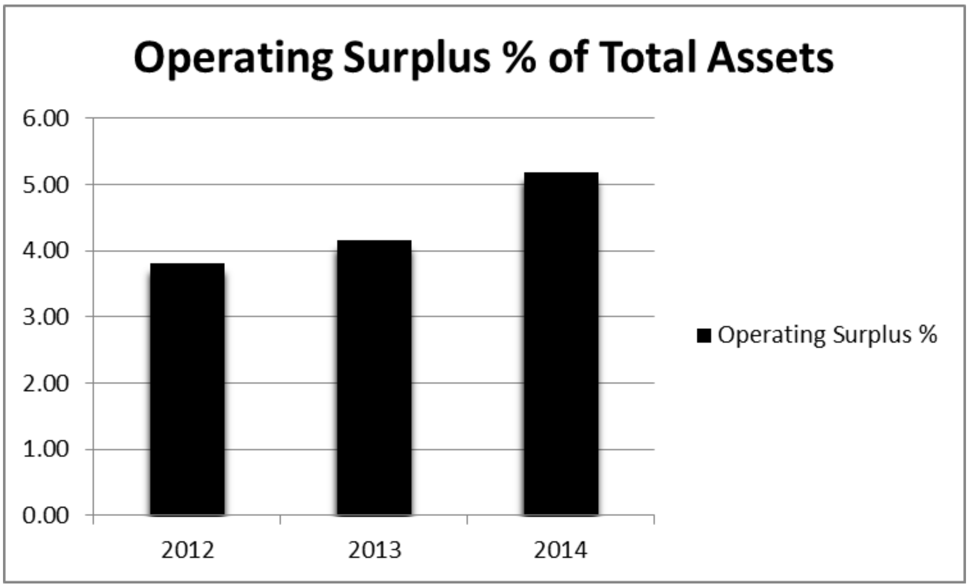
The Group sold 8 units (2012-13 sold 31) low demand units during the year in order to reinvest in new stock. Also, during the year we disposed of the last remaining directly managed care home and a commercial unit that had become vacant. The Group is also reviewing options for redeveloping two sites that are no longer fit for purpose. One being an office in which our operations have reduced and we believe it can be converted to residential accommodation. The other site is an under used scheme where we are considering conversion to 1 or 2 bed flats to meet local demand.

Financial return on our assets

Operating surplus as % of Total Assets

This measures the efficiency with which the Group's assets have been utilised to generate the operating surplus for the year. Operating surplus excludes any adjustments not related to generating rental income such as tax and interest payments and gains/loses on disposal activities. The graph below shows the Group's improving performance over the past three years. For 2013-14 the Group reported an Operating surplus of 5.2% in this area. This is largely due to rental growth and keeping costs in check and also the benefits deriving from decisions made during 2012-13 and listed in last year's VFM self-assessment:

- Exit low financial return non-core business streams; furniture recycling, Peepul centre charity and part of domiciliary care;
- Collapse of the Group structure;
- LHA conversion to charitable status (and subsequent office rates rebate);
- Tendering of Group repair service saving £300k p.a;
- ASRA Midlands merger - additional 1,000 units with no increase of back office staff and only a marginal increase in front line resources;
- 11% saving on salary costs;
- Successful DLO (Asra Property Services);
- Upper quartile for cost efficiency on back office costs;
- Maximise support income and reduce costs in mitigation for supporting people grant funding reductions.



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VFM Self-Assessment Statement 2013-14 - continued

Social return on our assets

Our customers benefit from rents that we set below market rents. We do this as part of our charitable objective as a social landlord and also due to using grants from the Government to build new homes. One of the ways to asses the social benefit (to the tenant) of the value of building such homes is to compare the average rent charged to our tenants as compared to average market rent for that region that they would have had to pay.

The table below outlines this comparison. The average monthly rents are all stated as at March 2014. The average monthly market rent figures have been extracted from the HomeLet Rental Index 2014.

Region	Monthly Market Rent	Average Monthly General needs rent	Average "Social benefit" to general needs tenant	Average Monthly Affordable rent	Average "Social benefit" to Affordable rent tenant
Midlands	£569	£370	£199	£442	£127
Greater London	£1,316	£511	£805	£814	£502

During 2013-14 we built 90 units in the Midlands resulting in a social benefit of £176k p.a. and in Greater London we built 124 units, which amounted to £973k p.a. This is the hidden benefit that is not often mentioned, to our tenants and the Government. Our tenants are better off due to subsidised rent and having the ability to live in homes that they may not otherwise have had the opportunity to live in. The Government benefits by maintaining a cap on the housing benefit paid to our tenants

Investing in our homes - procurement

The Group has been through a series of comprehensive retendering exercises over the last three years and all of the main Responsive, Planned, Void and Cyclical - repair contracts are operating effectively and can run for the next 5 years.

The combined cost for these services is £1,285 per unit. The benchmark range figure is between £1,250 - £1,850, our investment is nearing the bottom of the range. This could be assumed to be good and not so good, depending on the long term projections of stock investment and the condition of our stock.

In order to assess this more thoroughly the Group commissioned a stock condition review in 2012. This was further refined in 2013. The results showed that to have sustainable stock in the long term the Group should consider investing £500 extra per property on planned works on an annual basis.

We ran a number of scenarios to assess affordability and feasibility and have increased our investment in our stock by £500 per property from 2014-15. The VFM work we have undertaken in previous years has enabled us to make this investment. This will support us in meeting our customers' expectations and increasing satisfaction levels.

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VFM Self-Assessment Statement 2013-14 - continued

Improvements benefiting our customers

During 2013-14 to benefit our tenants and help in the fight against fuel poverty the Group invested:

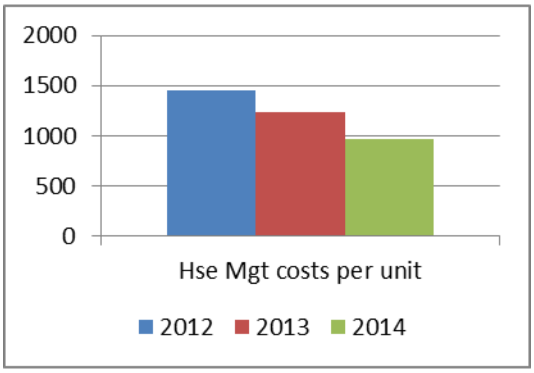
- £1.5m on new windows and doors in 271 properties across Leicestershire, Nottinghamshire and Northamptonshire;
- £620k on new boilers in 232 LHA properties;
- £837k on new boilers in 260 ASRA properties.

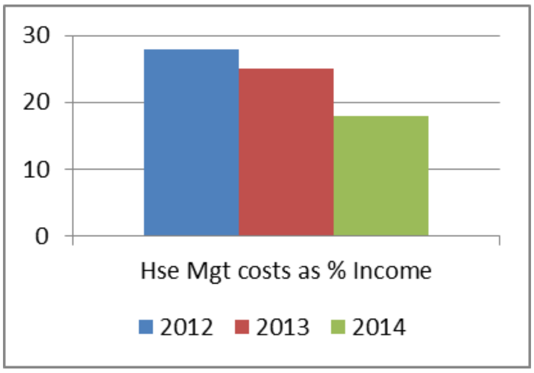
Comparing our running costs

Housing Management costs

We compare the cost of our housing service delivery using management cost per unit. This incorporates the total cost of providing housing management services. The average benchmark for this indicator for 2013 using the HCA Global accounts for traditional RP's is £1,012. Compared to this for 2013-14 Asra Group's management cost per unit was £965. This provides a good indicator that the Group's services are being provided within an acceptable range and resulting in good customer satisfaction.

Importantly, it's worth noting that from the work on efficiency over the last few years, our management costs have been falling year on year – based on the number of units we manage and compared to our income. See below:





The table below shows our cost analysis over the last 3 years.

Measure	2014	2013	2012
Management costs per home	£850	£1,090	£1,290
Total maintenance costs per home	£980	£930	£1,090
Housing lettings operating margin	41%	31%	33%

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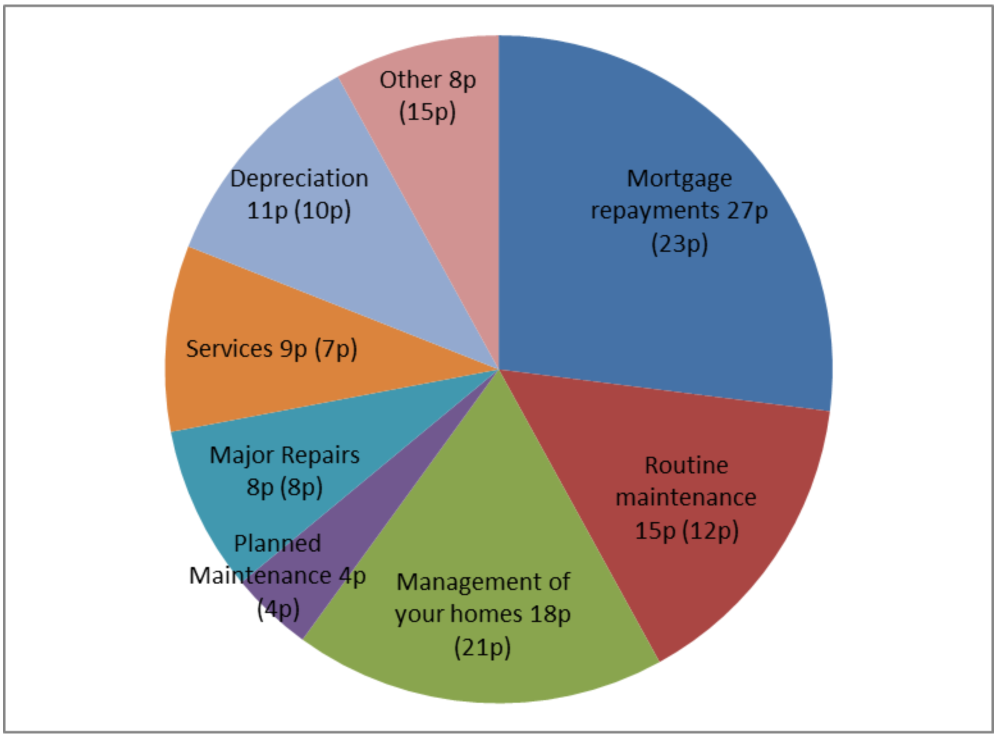
VFM Self-Assessment Statement 2013-14 - continued

Support Costs

We want to direct our resources to areas where they add most value for our customers. This means that in areas where there is minimum value added for the customer, such as back office operations we want to keep costs low. During 2012-13 we had a restructure, which impacted on back office operations. Costs were reduced and subsequent bench marking exercise results showed that our back office costs were in the top quartile based on our peer Group.

How we spend every £1

The pie chart below shows how we spend £1:



Note: 2012-13 comparators in brackets

We spend:

- 38% of our costs on maintenance and depreciation of our stock;
- 27% on mortgage payments for our properties;
- 18% on management costs – reduced from 21% in the previous year;
- 9% on related services managing our homes and estates e.g. gardening, estate services, lift maintenance;
- 8% on overheads – supporting the business.

Operational performance

Performance monitoring

Performance, both financial and against KPIs is measured and monitored throughout the organisation. Managers discuss performance regularly with staff at team meetings and the Board receives and discusses performance reports on a regular basis. The monitoring of financial performance against budget and KPIs is an integral part of monthly management information to the management team and individual reports to budget holders.

Apart from overall customer satisfaction we monitor a suite of indicators to ensure performance is managed throughout the various service areas. Repairs indicators are monitored closely as they are held as one of the most important factors for our customers in our service delivery. We achieved our targets in the year, as follows:

Performance Measure 2013-14	Actual	Target	Result	
Routine repairs completed on target time	97%	95%	Met	Our aim is to fix repairs on time and at the first time of asking.
Emergency repairs completed on target time	99.1%	99%	Met	Our aim is to reach our customers when they need us the most for emergency repairs.

Procurement

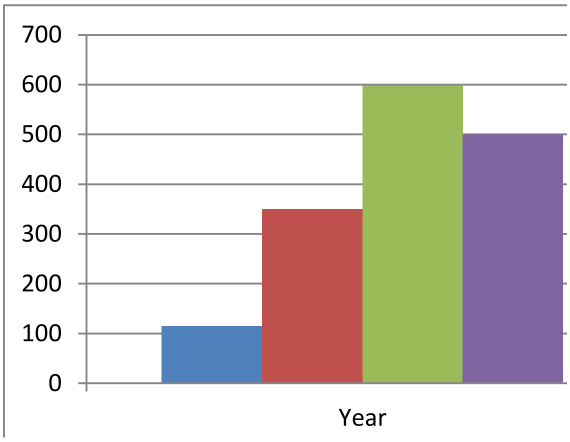
We have a procurement specialist who is responsible for driving our procurement strategy across the Group. The work done so far includes analysis of our expenditure, assessment of contracts when they come to renewal and bench marking costs.

Procurement benchmarking has included local and national suppliers, purchasing clubs and framework agreements.

Measuring success in procurement is driven by the amount saved based on the same quality and quantity – to provide a like for like assessment. Savings over the last 3 years are shown below:

Procurement savings over the last 3 years

£000's



Cashable savings

On-going efficiency gains are logged, both reduced costs and added value. This log is a standing item at the VFM Group. Cashable savings made in 2013-14, which have been spent on stock re-investment, include:

- Rates rebate now LHA is charitable £160k
- VAT savings on developments by using our own design and build company, ACSL. £180k
- PV panels £50k
- Electricity and gas tariff savings £35k
- NYS travel and accommodation booking system £40k
- LED lamp replacement project £30k
- Printing design £25k
- Bulk printing/postage £18k
- Site securing costs (empty properties)£15k
- DLO materials £15k

In addition £214k was saved through tendering of various projects:

- Painting and Decorating London , 30% on decorating and 25% on flooring, £61k
- Sleaford Foyer and Blackroof scheme works £27k
- Care & Support scheme works £29k
- Fire Improvement works £18k
- Vestry House door entry replacement £14k
- Willow Court Fire Improvement works £7k
- Milton Crescent and Layton Avenue £10k

Tenants will see increased VFM as a result of stock investment programmes completed in the year and planned for future years including energy efficiency measures e.g. double glazing to 271 homes in the Midlands and LED lighting across various schemes.

Operational Efficiency and Effectiveness

Future Plans

We will continue to measure VFM by linking it directly to corporate priority of achieving:

- 90% Customer Satisfaction; and
- Improving financial performance (Operating Margin).

Measuring overall satisfaction with our service captures all aspects of our business operations and provides an indicator of how well we are meeting our customer's expectations. This area is directly linked to operations and we review performance in a number a service areas to ensure services are being delivered effectively.

Improving our financial performance, achieves a number goals for the Group. It enables investment in our services and tenants' homes as well as providing the ability to build new homes for customers. Clearly, there is a link between investing in our tenants' homes and overall customer satisfaction. Focusing on operating margin enables an assessment of how efficient services are being delivered.

In addition to the above ten KPI key targets, the Group will be concentrating its efforts on the Viridian Asra merger. The consolidated business plan for the new Group shows a net cost of the partnership in year one of £1.76m, by 2015-16 a saving of £2.85m p.a. will be achieved increasing to £7.5m p.a. by 2016-17 and £8.5m p.a. by 2017-18 and thereafter. These projected figures have been shared with our regulator, the Homes and Communities Agency, and will form the basis of the new partnership's forward looking Group Value for Money Strategy.

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VFM Self-Assessment Statement 2013-14 - continued

Performance Improvement targets (current corporate plan)

We have set Key targets to achieve our Group objectives which link to meeting customer satisfaction and improving financial performance:

TARGETS	2013-14 Actual	2013/14 Target	2014/15 Target
Customer Satisfaction Improved to:	86%	**80%**	**90%**
Net Rent collection rate	100.7%	**101%**	**101%**
Empty Homes reduced	2.1%	**2.5%**	**2%**
Antisocial Behaviour cases closed within 1m	86%	**70%**	**88%**
Repairs completed on time	98%	**95%**	**99%**
New homes built	228	**250**	**250**
Surplus on group Turnover Increased to	£6.8m	**£6m**	**£7m**
Operating margin	32%	**25%**	**34%**
Procurement savings	£0.6m	**£0.3m**	**£0.5m**
% of Thermal Efficient Homes (SAP>50)	96%	**95%**	**97.5%**

Future Partnership plans impacting on VFM

The Group is planning to merge with Viridian Housing Group, based in London, during 2014-15. This will have a major impact on the way the new Group delivers its services; manages customer's expectations and its procurement activities. Depending on the timing of the partnership, we expect to make some adjustment to the VFM targets due to the integration work that will be involved.

This statement and further supporting documents can be found on our website **www.asra.org.uk/vfm**