Value for Money Self Assessment 2016/17

Bromford.

Contents

Message from our Chair

We face continued challenges and increasing needs across the sector and Bromford is navigating this changing environment by ensuring that our service offer, approach to value for money (VfM) and governance structures support our core purpose whilst delivering our strategic and financial goals. We have continued to strengthen our relationships with customers, improved the quality and functionality of their homes as a result of new and innovative approaches to asset management and added to the United Kingdom's new housing supply through our development activities.

"The Board is committed to supporting Bromford to provide the very best customer-focused service we can. Helping our customers and communities to flourish will always be our highest priority and maintaining excellent corporate governance and the highest ethical standards is fundamental to us being able to deliver this. We are, and always will be, a Board who are driven by a desire to enable people to become the very best they can be."

Jonathan Simpson Dent

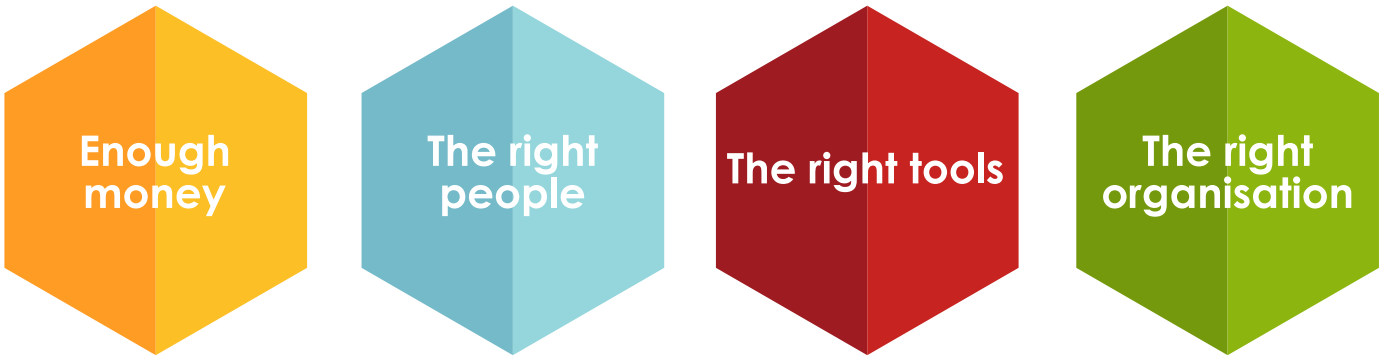
Our vision and strategy

Bromford's purpose is to inspire people to be the best they can be. We want our homes to be springboards for our customers so that with the right home and the right relationship they can go on to achieve their potential. We have a commitment to listen to our customers and support them to achieve their potential through a focused, inspired and exceptional team. The Board firmly believes that this ethos must be lived and demonstrated from the top down, with all members of the Board working alongside leaders to be ambassadors for the values that we helped to shape.

During 2016, the Board reviewed Bromford's strategy, reflecting our latest thinking and approach to working with customers. Our restated strategy, set out in fig. 1, is designed like an eco-system with each strategic objective connecting and enabling each other. Launched in August 2016 the new statement of strategy sets out the objectives and enablers that we need to focus on to achieve our core purpose of inspiring people to be their best. You can read more about our strategy **here**.

When we asked ourselves what we needed to do to achieve our purpose of inspiring people to be their best, there were three key things that we needed to get right - we call these our strategic objectives. We need to ensure that we offer:

Of course to deliver these we need to also ensure we have the following four strategic enablers:



Together, these seven strategic objectives and enablers form the framework of our strategy. Every priority, colleague target, risk or measure of success should link back to them and ultimately back to our purpose of inspiring people to be their best.

Fig 1 – Strategic objectives

Our new Localities approach to delivering services is a cornerstone of this strategy – an innovative way of working more closely with our customers and communities than ever before. The Board has visited some of the first live areas in Birmingham and Staffordshire to see the potential of the Localities approach for our customers and is committed to investing in these services as they are fully mobilised in the year ahead.

In addition to ensuring we build a new kind of relationship with every customer, the Board is also focused on utilising our financial strength to play our part in addressing the United Kingdom's need for more affordable housing. We have developed an ambitious new homes plan that will see us increase our output from 2,715 over the last five years to 5,311 homes over the next five years. The Board will continue to work closely with the Executive team to ensure appropriate risk management and delivery of this expanded development programme.

With challenge comes opportunity and in the face of this uncertainty the message in our new strategy is still that we will remain resilient and in control.

The redevelopment of our business strategy has led us to review a number of associated streams of activity to ensure we have a very coherent picture of where we are and where we're going. We re-examined Bromford's measures of success to ensure they accurately reflect whether we were achieving our purpose. As a result, performance reporting to both our Customer and Communities Network and the Board have been improved to make it easier for these groups to scrutinise our performance.

It's early days, but progress against the strategy is going well and we are seeing initial signs of success across our business. In this year's VfM Self-Assessment we reflect on some of this progress, whilst looking forward at some of the projects and opportunities in the coming year.

In summary

This has been the year when all our research and pilots have led to the exciting implementation of our Localities programme. I'm really looking forward to the year ahead as we reach the end of the mobilisation stage, start to establish more open and trusting relationships through our neighbourhood coaches, and move to more of a coaching approach in other areas of our business like home maintenance and investment in existing homes.

Like many organisations we face more challenges than ever before, but with our strong and improving performance, the golden thread of our redefined statement of strategy and an overwhelmingly committed and motivated set of colleagues, I am very confident that we will continue to transform our business so that our customers can transform their lives.

As testament to our approach to VfM, we were delighted to win a HANA Award in July 2017 for Efficiency and Value for Money.

Our VFM achievements for 2016/17

The right relationship with each customer.

Localities goes live - we have made significant progress in the mobilisation of our Localities approach which aims to completely transform the relationship we have with our customers. We expect to complete mobilisation by September 17 and we are starting to see some early signs of the benefits for our customers.

Enough money.

Another year of strong financial performance with **profits of £49.8m compared to £48.9m last year**.

We **generated £91m of cash** from the business, which, after paying our interest bill, left us with **£64m to invest in new and existing homes**.

The right tools.

Our Bromford 2point0 transformation programme is underway

Bromford 2point0 is a major transformation programme for our processes and systems and we expect the programme to take up to 5 years to deliver this major change for Bromford.

Bromford 2point0 is about delivering our strategy by reviewing our processes, people and systems and then **building simple and streamlined services for our customers**.

The right home for every customer.

During the year we **invested £23.4m in our existing homes** - an increase of £3m on last year. We have focused on heating systems and affordable warmth for our customers. We have also launched our **regeneration programme, where the first four schemes will result in 120 new homes that are right for our customers**.

An increasing supply of the right homes.

We **completed 460 homes against a target 436** - 43 of these were built by our in-house construction team - Bromford Developments Limited (BDL). During the year BDL started on 8 further sites which will deliver 199 new homes. As an indication of future activity, total **starts in the year were 778** - ahead of our 600 target, and the overall net spend on new homes was £88m of which £73m was capitalised in the year - up from £62m with £50m capitalised in 15/16.

Our new homes plan to build 5,311 homes over the next 5 years was given Board approval in March 2017.

VfM governance and scrutiny

Our Board

The Board ensures VfM is considered in all of our decision making and in particular when setting the annual budget and the business plan. They set the overall VfM cashable savings targets in our plans and ensure we comply with the regulatory standards. They challenge on the delivery of VfM ensuring performance is on track with targets and that we are delivering our strategy.

Customer & Communities Network (CCN)

Operating independently but with strong links to the Board, the Customer and Communities Network (CCN) plays an important role in scrutinising performance and shaping service delivery. They represent "the voice of our customers" and amongst other things, their input over the course of the year has helped influence in particular the objectives and approach of our new Localities Plan which redesigns our local service offers and our response to Welfare Reform changes. CCN has also led the way on the redesign of our Complaints Policy ensuring any unhappy customer is heard and the insight is used promptly to adapt the service and improve the customer experience. Our Affordable Warmth programme, which aims to ensure that all our homes are energy efficient and affordable to heat, is an example of the role CCN has played in shaping and stress-testing new ideas from our Innovation Lab.

Financial Strategy and VfM

To allow us to deliver our strategy we operate our core services as efficiently and effectively as we can, delivering VfM so that we generate the maximum funds possible for investment in services, our existing homes and new homes. We aim to target that investment to produce the greatest possible social value and to inspire people to be the best they can be. All this remains unchanged, although there are clearly significant uncertainties facing the sector as a whole and these will affect the detail of how and at what speed we deliver our strateg. We are well placed to meet the challenges of the future benefiting from:-

- A proven track record of service delivery and innovation combined with VfM
- Committed and well-motivated colleagues who are open to change
- A sustained strong financial performance.

We continue to have relatively low operating costs as evidenced by the HCA's VfM cost per unit measures; for 15/16 Bromford's operating costs were amongst the lowest in the sector.

HCA sector cost comparisons 2016

	Headline social housing CPU (£k)	Management CPU (£k)	Service charge CPU (£k)	Maintenance CPU (£k)	Major repairs CPU (£k)	Other social housing costs CPU (£k)
Bromford Group	2.86	0.67	0.34	0.62	0.71	0.32
Sector level data						
Upper quartile	4.35	1.32	0.60	1.18	1.08	0.45
Median	3.57	1.02	0.36	0.97	0.81	0.21
Lower quartile	3.12	0.74	0.24	0.79	0.54	0.08

Key: **Below lower quartile** | **Lower to median** | **Median to upper** | **Above upper quartile**

The constituent components of the HCA Headline Social Housing Cost per home are explored in detail in our benchmarking report - **click here**.

Our business plan sets out how we intend to achieve our strategy and allocate our resources. Generally, we operate to a five year planning horizon and the business plan is subject to our VfM planning framework. More detail on this is set out in last year's VfM self-assessment document.

We have a good understanding of the costs of our services, the returns we achieve on our assets and how our performance compares to our peer group. The detail of this is set out in the 'Benchmarking' section below and in the benchmarking report.

Our aim is to create and maintain social value, and the further development of systems to capture this is a major priority for us. When we evaluate investment decisions, we measure social value as well as cashable efficiency savings.

Performance against targets

Performance against Key Performance Indicators (KPI's) for 2016/17 is set out below:

Where performance was in line with target or better KPI's are highlighted in green. New measures are in grey where targets were not set for the year. Performance below target is highlighted in red and performance in these areas has been closely monitored during the year by the Executive Team and the Board.

Relationship

- Customers rate whether they are able to turn to their community for help* — Customers rated us 4.2/5 (no target)
- Customers feel Bromford are bothered about them* — 89% (no target)
- First time complaint resolution* — 100% (target 99%)
- Customers would recommend us to a friend — 91% (target 85%)
- Total rent arrears* — 4.27% (target 4.50%)
- Customers would recommend Bromford colleagues to a friend — 89% (target 85%)

Home

- Fuel check compliance* — 100% (target 100%)
- Customers rate the quality of the home that they have just moved into* — 94% (No target)
- New customers who say their home is right for them* — 98% (no target)
- Homes that meet the 'Decent Homes' standard — 100% (target 100%)

Supply of homes

- Current year committed expenditure for new homes — £87.51m (target £82.84m)
- New homes programme IRR (rented) — 4.52% (target 4.60%)
- Start on sites — 778 (target 600)
- Unsold stock over 6 months old (shared ownership) — 1 (target 5)
- New homes programme IRR (shared ownership) — 6.32% (target 6.10%)
- Completions — 460 (target 436)
- New homes programme IRR (MyPlace) — 7.13% (target 6.20%)

Enough Money

- Total rent arrears* — 4.27% (target 4.50%)
- Shared ownership sales profit — £3.54m (target £2.85m)
- Managing loans (Interest cover - I&E)* — 3.62 (target 1.1)

People

- Year 1 colleague turnover — 21.40% (target 17.5%)
- Total days sickness per colleague* — 7.4 days (target 8 days)
- Customers would recommend our delivery partners to a friend — 93% (target 85%)

Tools

- No RIDDOR reports per 100k hours* — 0 reports (target 0)
- ICT service delivery - cyber/data loss — 0 incidents (target 0 incidents)
- System availability - applications — 2 incidents (target 0 incidents)
- System availability - infastructure — 1 incident (target 0 incidents)
- Business continuity — 0 incidents (target 0 incidents)

Organisation

- % of 16+ inherent risks with controls — 100% (target 98%)
- % of due actions for 16+ inherent risks that have been completed to date — 100% (target 100%)
- % of controls of 16+ inherent risks that have had assurances given in the last 6 months — 100% (target 100%)
- Data protection — 0 incidents (target 0 incidents)

Income generation

Rent collection and arrears

We aim to maximise rental income within a customer affordability framework. 2016/17 saw the first year of the impact of the 1% rent reductions for the majority of our customers. Performance on bad debts and arrears remains strong despite the difficult economic conditions.

Gross arrears, for current and former tenants combined, reduced in the year. The arrears represent 12.2 days of rental income and as a percentage of income was 3.33% (15/16: 4.19%). Net arrears (taking prepaid rent into account) also fell and remains low at only 0.25% (15/16: 1.82%) - this is due to more customers paying rent in advance. The higher total rent arrears of 4.27% within the KPI suite above is before the year end write-off of former tenant debt, which reduced the total arrears to 3.33%.

Shared ownership sales

Shared ownership and shared equity sales income for the year was £16m (15/16: £15m). We sold 164 homes - 15 more than our target - at an average 100% sales value of £204k (15/16: 157 units - 100% value: £191k). The average first tranche share sold increased to 47% (15/16: 45%).

Disposals

Disposals are not a material feature of our financial results, but we expect them to grow over time as we proactively manage our homes to deliver a strong return on assets.

Disposal profits in the year were £8.2m (15/16: £7.0m), mainly comprising staircasing £3.8m (15/16: £3.0m) and our void disposal programme £4.8m (15/16: £4.1m). During the year 140 homes staircased (123 to 100%) - and 2 homes were repossessed. Disposals generated cash of £18.8m and £2.3m in recycled grant (15/16 £16.1m and £0.8m).

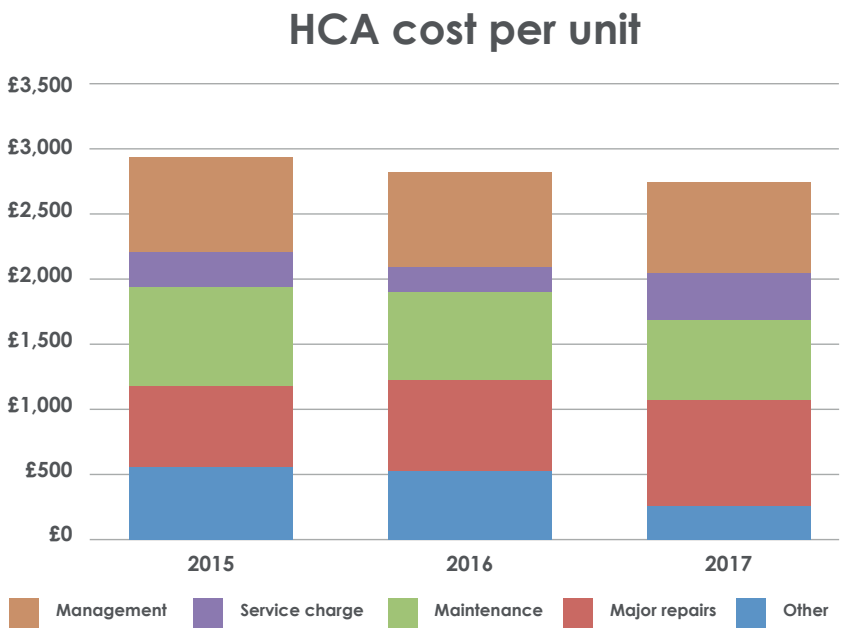
Cost control

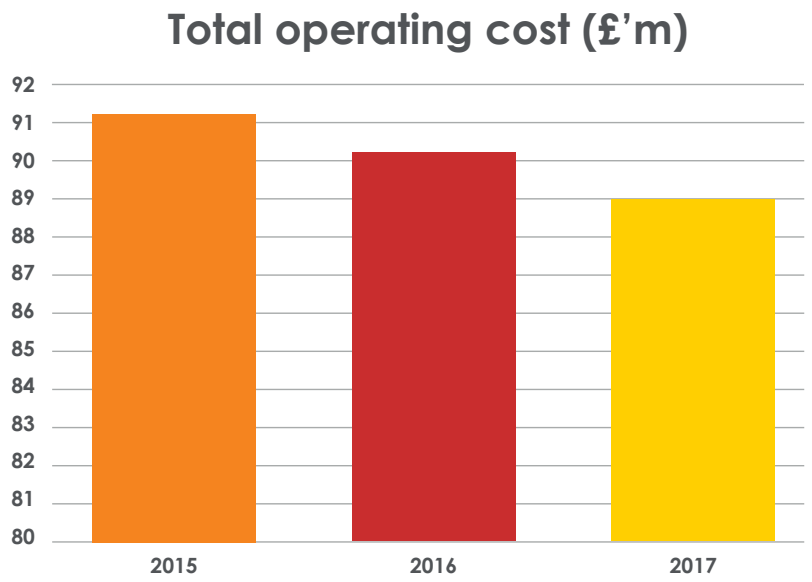
Cost control is a core deliverable across the business. The HCA's analysis of costs across the sector has validated that our costs are comparatively low using 2015/16 as the benchmark - more information is given in our benchmarking report - **click here**. Success in controlling costs drives our excellent core operating margin which at 42% (15/16: 43%) remains one of the strongest in the sector.

Our focus on cost is a central part of our Value for Money framework, evidencing not just the cost of what we do but its effectiveness and the outcomes we achieve for our customers.

Our operating costs for other social housing activities includes our Social Value investment activities where we have invested in Localities. During the year we spent £1.0m (15/16: £1.1m) on these added value activities, coaching and supporting our customers and implementing new service delivery models.

Over the last three years we have reduced our total operating costs as per the Statement of Comprehensive Income, see chart below. Using the HCA's cost per unit measure, which includes capitalised major repairs, we have maintained our total cost per unit below £3,000 - redirecting more of these costs to the frontline services of Localities and major repairs in line with our strategy.





More detail on our operating costs is contained within our benchmarking report, **click here**

Investment decisions

Once we have maximised our net income (income less operating costs) we can then make choices on our investment priorities. Within Bromford we measure this as total investment in existing homes, total investment in new homes and total investment in the right tools. The majority of these costs are capitalised to our Statement of Financial Position, but we also include costs which are expensed against profits, for example, the cost of building the proportion of shared ownership homes that are sold.

Below we have set out our VfM performance and VfM plans for each of the objectives and enablers of our statement of strategy.

The right relationship with each customer.

We have made significant progress in the mobilisation of our Localities approach that was revealed in last year's self-assessment. The Localities approach aims to completely transform the relationship we have with our customers. We aim to shake off the traditional housing association/customer relationship that's paternal and focuses on fixing problems. Instead we will focus on what people can do, what they can bring to their community and how they can make the most of their talents. This approach isn't about doing things for people, it's about empowering them to get what they want out of life. The benefit of this approach is long-term sustainable communities that fix things for themselves – reducing dependency on the welfare state and improving society for all.

At the heart of this approach are our neighbourhood coaches, who each work with around 175 households. This is a big change from traditional housing management patches of 500-600 households. The aim of our coaches is to develop strong and productive relationship with each customer to help them identify and achieve their aspirations. The coaches will be part of the community, connecting customers with local services and each other to help build thriving neighbourhoods and resilient customers. Around 150 neighbourhood coaches will help bring our communities to life and although recruitment is well underway we don't expect to have everyone recruited and 'patch ready' until September 2017.

Of course, the Localities initiative is just one of the ways we're looking to improve the relationship we have with customers. The coaching approach runs through our entire business and is evident in other new initiatives like the Starting-Well engineer pilot and in our customer service centre. The focus on developing a coaching approach will be a key feature of our work in the coming year.

Feedback from our customers suggests that the new approach colleagues are taking is improving the service experience. We are now listening to customers more which is enabling us to get things right first time; we're reducing repeat visits and calls and we are resolving complaints much faster. 89% of customers are telling us that they would recommend Bromford to a friend (up 2% on last year).

Looking back

This year we have focused on investing in an improved relationship with our customers - developing trust and implementing service improvements that customers tell us they really value.

More customers than ever provided us with their feedback this year, with over **7,200 customers giving us insight** into their experiences of Bromford and they have told us things are improving with **89% of customers saying they would recommend us to a friend** - up from 87% last year.

In addition to the recommendation score, 12 months ago we also introduced further measures to track whether the relationship was working for customers. The measures that were collectively developed and approved by our Customer and Communities Network (CCN) aim to track the ideal customer experience and the initial findings are positive.

- **90% of customers trust us to do what we said we will**
- **89% of customers would say that we're bothered about them**
- **and 89% of customers say we're interested in them and their circumstances.**

We are currently working with an external specialist to develop, refine and set targets against these measures to ensure we are getting maximum insight from customers on our relationship.

Service improvements that focus on the real areas of value for customers have obviously had a significant impact on the successful development of a trusting relationship. A key part of this is focusing on **getting things right first time for customers** and where we don't get it right, we ensure we resolve issues as soon as possible. Over the past year:-

- We introduced a new process where repairs haven't gone right; we now aim to resolve issues as soon as possible by sending team leaders out to customers' homes to inspect all repairs that fail within three months to understand why so we don't repeat in the future and put things right where needed

- We received **364,754 contacts from customers and we resolved 83% of calls within that first contact**; this performance has broadly been sustained from last year despite a significant turnover of contact centre colleagues who have moved into some of the new locality roles
- This year we have reviewed the materials carried in vans to ensure that where possible repairs can be completed on the first visit; we undertook around **64,000 repairs and of these, 84% were fixed on the first visit**
- We don't always get things right for customers; but the introduction of a customer solutions team that focuses on end-to-end handling of issues has significantly improved the experience customers have when they feel they need to complain. **100% of complaints were resolved at stage one (up from 89% last year)** and the average days it takes to resolve a complaint has also reduced to an average of 15 days (previously 27 days). This is something the Customer and Communities Network were keen for us to focus on and they have helped us shape our new approach
- In the customer service centre we are continuing to focus on areas where customers have to make repeat calls because we either haven't got things right first time or we haven't given enough/or the right information.

Overall customers have told us that our services are improving and this is helping to build trust. Importantly they are also telling us that services are increasingly easy to access, **rating us 4.4 out of 5 (up from 4.1 last year)**. Things to note include:

- **Our repairs service** has seen a significant shift over the last 12 months, improving communications with customers and processes, whilst piloting new services. This is reflected in customer feedback where **91% of customers would recommend the repairs service to a friend (up from 81% last year)**
- **Moving in continues to perform well, with 98% of customers recommending us (up from 97%)**. This is no doubt as a result of the additional investment we have made in our re-let properties as customers are also telling us the quality of new homes has improved.

Over the past year we have seen other examples of where focusing on the relationship we have with customers has proved invaluable. At Beacon Park Village – where Extra Care Charitable Trust withdrew care services during the year – we successfully managed the transition to a new care provider and now have stronger direct relations with customers at this scheme. We have also undertaken significant regeneration activity in the year on a number of sites, affecting around 85 households. Again, through proactively managing the relationship through the neighbourhood coaches, we have positively managed the impact of regeneration through what is a challenging time for those residents.

As well as customers telling us that their relationship with Bromford has improved, we have also seen improvements in business measures over the year:

- Rent collection has gone well. Our total arrears were 4.27% at year end, against a target of 4.5% and individual tenancy end debt has decreased slightly, so customers are leaving us with lower debt levels than last year. Over the past year we have collected 100.5% of rent, so we are also making in-roads into arrears
- The tenancy failure rate (tenancies that end due to eviction, abandonment or Section 21) is down from 0.7% to 0.5% (148)
- More proactive and preventative work has seen a continued reduction in Anti-Social Behaviour (ASB) cases opened this year with 332 cases, compared to 406 last year, and only 58 progressing to court (74 last year). Customer recommendation of the service has also improved at 78% (from 69%)
- The money advice team have dealt with 542 cases of customers in arrears. At the start of the period debt levels were £388k decreasing to £276k after six months
- 294 customers secured employment as a direct result of our services.

Update on our Localities Plan

This year the most significant investment and change to improve the relationship we have with our customers was unquestionably the launch of Localities. The mobilisation of our Localities programme is going to plan and we look to have the overwhelming majority of our neighbourhood coaches on their patches by the end of September 2017.

Along the way we have been integrating supported living schemes and home ownership customers into each of the new neighbourhood coach patches.

There is still much more to do – our approach is still in its infancy and will take time to bed-in and deliver the results we expect.

We continue to develop our approach to connecting communities - uncovering the knowledge and skills of our customers and connecting them together with other customers and the wider community.

We receive numerous requests to share best practice from Localities with other Housing Associations. To help manage this, we ran our first ever 'best practice webinar' using Skype for Business. This was extremely successful and everyone from the organisations tuning in were extremely positive.

Bromford took gold in the 'Outstanding Innovation of the Year' category for Localities at the UK Housing Awards in April 17. Judges praised our rigorous and transparent approach to testing and piloting our service offer, which helped us evolve from the original Bromford Deal to our coaching approach today.

Our training programme for new neighbourhood coaches is being continually developed and we are ensuring both new starters and existing colleagues moving into Localities receive the right package of development for their needs. We continue to adapt this training as we find better ways of getting our messages across and our neighbourhood coaches' skills and knowledge improve.

Looking forward

We are still on track to have Localities mobilised in all areas by the end of September 2017. We have developed a suite of performance reports to help neighbourhood coaches understand how they are performing and to inform how they prioritise their work. These will eventually be replaced by the business-wide performance dashboards that are under development.

We are tracking performance against the Localities business case by starting to collect outcome data once a neighbourhood coach has been live on their patch for three months. This gives time for the neighbourhood coach to complete their initial training, bed in on their patch and for us to make any changes to the patch itself.

Click here to read about our coaching approach.


The right home
for every
customer.

We have continued to invest in our existing homes over the past year with the main focus of spending on heating systems, in an effort to reduce the number of D, F and G rated homes by April 2018. In May of this year the Board gave approval to deliver an accelerated five-year plan that would increase our investment in home improvements by approximately £16m, with a particular focus on heating systems and boiler upgrades. This accelerated programme is being delivered by our in-house team. To date they have installed 2,484 new or upgraded heating systems against a target of 1,900 per annum, this has resulted in £685K worth of value for money savings. Overall, the programme is set to deliver c£4.5m of value for money savings.

In addition, we have improved the energy efficiency of over 3,000 properties - 400 of our most challenging have been improved to increase their energy performance rating above D. We have also improved the insulation on 377 properties and replaced windows and doors at 1,860 homes. These measures will make a significant difference to the affordability of these homes for our customers. Customers currently rate their homes 4.5 out of 5 for affordability to live in and run (new measure). 479 of our homes still fall below energy rating D - although over the next year we plan to address this through a mix of heating, insulation and window installations.

Where our existing homes are no longer viable as the 'right home', we have launched a programme of regeneration. Five sites suitable for regeneration were initially signed off by the Board and we have made great progress on the first in Lichfield having gained planning permission for 22 new homes in early 2017. We are currently in consultation on a further three sites which we will continue to work through next year. Together these four sites should result in around 120 new homes.

Looking back

We have also invested in repurposing or remodelling homes this year to maximise the number of affordable homes we offer. Where we have support schemes that no longer have support contracts, we have looked to convert them into rented accommodation and where we have identified under-utilised spaces, like a former community room, we have remodelled them into additional affordable homes.

We have also invested in our homes in other ways over the past year:

- We have **delivered over 15,500 planned improvements**. This includes **1,281 new kitchens and 242 roofs**
- We have secured more than **£2.5m of grant funding** for things like adaptations, insulation, sprinkler systems and ground source heat pumps
- **100%** of our homes are both **fire and asbestos compliant**. **100%** of our homes have also **received a gas safety check**
- In response to customer feedback we have been piloting new services like decorating and fencing and we'll monitor the social value and VfM return on these
- But it's not just inside the home where we've been investing, we have invested in neighbourhoods, **undertaking 2,665 estate improvements** to things like hard landscaping, fences, boundaries, major repairs etc. We've also been proactively picking up projects such as street lighting and gate schemes that have led to customers feeling better about their neighbourhoods. **90% of customers would recommend their neighbourhood to a friend** (up from 87%), whilst customers also feel better about the safety and appearance of their neighbourhood, rating it 4 out 5 (up from 3.8 last year).

A real area of focus for us in the past year has been the quality of homes at letting and also ensuring we're providing customers with an accurate handover date as these two elements cause the customer inconvenience and lead to additional work for the delivery teams. **This year we have turned 2,159 empty homes around for re-let** - including 287 that required major works such as a new kitchen, bathroom or a re-wire.

In response to customer feedback and CCN's view that customers want to move into a quality home when we say it's ready to let - we have invested in empty homes ahead of letting, undertaking works that include tiling and installing showers. We have also improved the final clean on properties before they're let and have undertaken proactive work to prevent damp and condensation. This additional investment is reflected in customer feedback where **98% of customers would recommend the moving in service to a friend** (up from 95%). They rate their experience of renting or buying a new home as 4.5 out of 5 (new measure) and customers now rate the quality of their homes as 94% (new measure). Although there are other contributing factors, the focus on quality of re-let properties by investing in additional works has, in part, **led to longer average re-let times for properties at 25 day**s (against a target of 18 days), however we aim to explore this and reduce the length of time in the coming months without compromising on quality.

In terms of matching the right home to the customer **98% of new customers say they are living in the right home** for them and their family (new measure). We are also pleased to see that the number of shared ownership customers that have successfully staircased to own a greater share of their property has increased - we've completed 140 against a target
of 100.

Mutual exchanges, another way for customers to get the right home for them, have slightly reduced this year to **238** (265 last year). This general downward trend is expected following a peak in exchanges at the time that 'the bedroom tax' was announced and is a possible indication that less people feel the need to exchange to a home that better meets their needs. It's worth noting that the team are being increasingly imaginative in the way they are using mutual exchanges. A recent example saw six inter-linked exchanges, resulting in three households being released from he under-occupancy charge better known as the "bedroom tax"

There is more to be done in the coming year, particularly around the affordable warmth of homes. But indications from year end suggest that investment decisions are having a positive impact on ensuring our customers' homes are right for them.

We measure how well our customers think we are performing across a range of services. **Our repairs service has seen a 10% increase in recommendation by customers over the past year (up to 91%) as the team continue to focus on both service improvements and new service developments.**

Click here to read our full end of year customer performance report and infographic.

Looking forward

We will continue to invest in improving the quality of our homes. We will maintain our focus on energy efficiency, making our homes warmer and cheaper to run. **Our £10m heating replacement programme for 2017/18 will ensure that by April 2018 we will have no homes with an energy performance rating worse than a D.**

In addition to our heating investment commitment we will invest a further £9m on upgrading windows, doors, roofs, kitchens and bathrooms in order to make our homes more modern and secure. We will also invest £6m on external painting, insulation, rewiring, fencing, hard landscaping and other major improvements that make a real difference to the lives of customers living in our communities.

We want our homes to be springboards not barriers, to customers achieving their aspirations. To this end **we will increase our funding of aids and adaptations to £1.1m** in order to make the lives of those who have physical challenges a little easier. We will also target a further £1.1m towards ensuring that our homes are safe from the risk of fire, asbestos and legionella.

Where our homes fail to meet our own exacting standards, we will be proactive in dealing with the challenges that they pose. For some groups of homes, the best solution will be to fully regenerate the area, replacing old, poorly performing homes with new, fuel efficient ones. For other homes, the best solution will be to dispose of them and use the funds generated to develop new homes and communities. In all cases, we will work with our customers, using the strong relationship that we have with them to help us arrive at the best solution.

Case study: Bulldozers move in to regenerate Levett Road - August 17

This is the moment demolition work reached an advanced stage at Levett Road in Packington marking the start of our multi-million pound investment in Staffordshire to build the right homes for our customers.

After planning permission was granted in February, we're now bulldozing 10 homes on Levett Road before replacing them with 22 brand new energy-efficient ones as part of a £3.5m regeneration project set to breathe new life into the area.

The site, adjacent to Whittington Barracks, will now provide a range of two and three-bedroom homes – 13 affordable rent and 9 shared ownership properties. Our in-house construction team, along with a team of contractors, is currently clearing the area which also involved stripping the properties, removing asbestos and flattening the adjacent garages. Construction work has now started on site now the demolition has been completed.

The homes now being knocked down were made from a concrete, non-traditional construction which meant they had a poor energy efficient rating and were costly to heat and run. As part of our strategy to build and provide the right homes for all customers, we decided the best option was to regenerate the site and have been working closely with residents and neighbours since the plans were announced in March 2016.

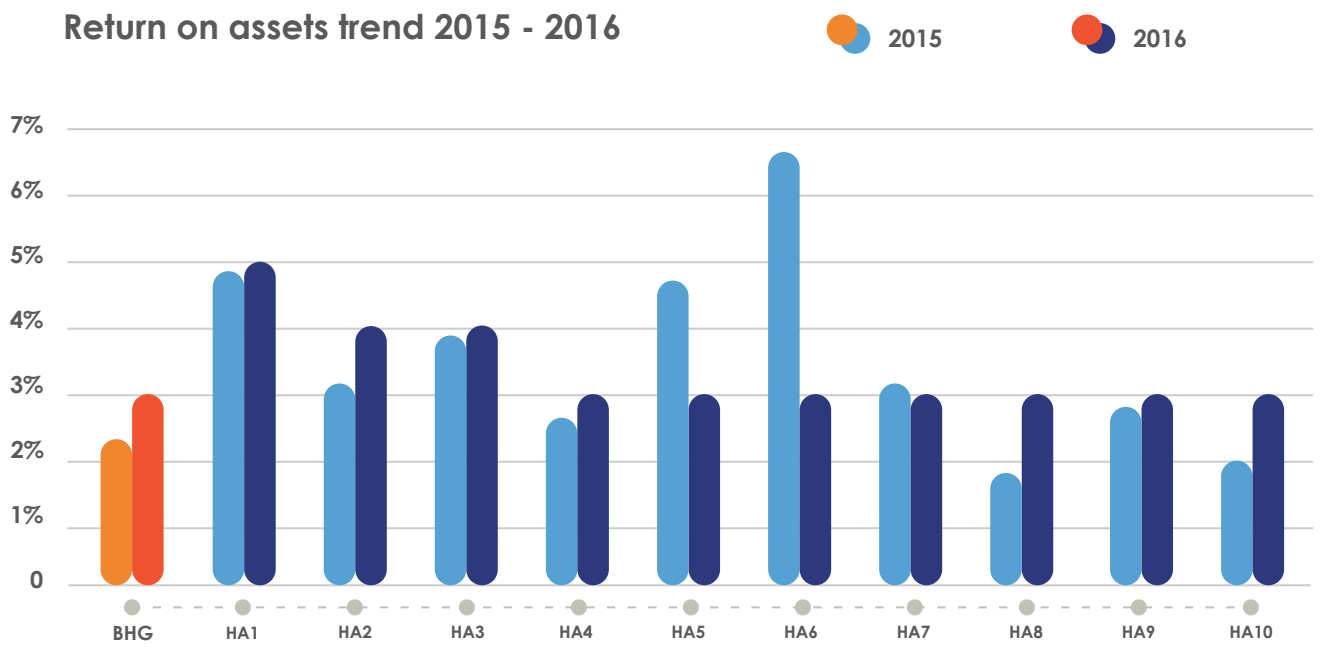
Customers have been supported to find new homes where they wanted to live and have been offered the opportunity to return to the new properties, which are part funded by grants from the Homes and Communities Agency (HCA) and Lichfield District Council, once they are built.

Suzanne Shead, head of locality in Staffordshire said: "We are very excited to reach this point in the project as Levett Road is our first regeneration scheme and we know it will bring tangible benefits not just to our customers but also the wider community.

"We are committed to providing each of our customers with a high quality home that meets their needs and felt that Levett Road provided us with a fantastic opportunity to regenerate these homes and invest in the area. We know the demand for affordable properties to rent is high and by incorporating shared ownership into the site we are also giving people who can't necessarily afford to buy on the open market a brilliant opportunity to get on the property ladder.

"With the UK's housing shortage showing no signs of slowing down, financially strong organisations such as ours have a pivotal role to play in investing in new and existing homes and services. As the main housing provider in Lichfield, this is an area where we can really make a difference."

Return on Assets



This return on assets is defined as Surplus after taxation divided by Net Book Value of Housing Properties (Vantage Business Solutions benchmarking). During the past year we have continued to implement our asset management strategy for disposals, including assets where the Net Present Value (NPV) is poor. The sale of 55 homes resulted in proceeds of £8m which will be reinvested into new homes.

Type of Disposal	Disposal 16/17 Number of Units	Disposal 15/16 Number of Units	Disposal 14/15 Number of Units	NPV per Unit
Sales of homes that cost more than they make	14	9	4	Poor
Sales of high maintenance homes	22	12	11	Poor
Sale of non traditional homes	6	5	2	Poor
Sale of regency homes in Cheltenham (flats)	-	-	24	Poor
Sale of homes in non core areas	13	17	6	Average
Total	55	43	47	

An increasing supply of the right home.

Our new homes programme performed well in 2016/17, with more homes starting to be developed on-site than originally planned. Overall, we started on site with 778 new homes against a target of 600 and we completed 460 homes this year compared to an initial target of 436.

Our land buying activity has progressed securing sites for 172 homes. Additionally, we have had offers accepted and are progressing legal agreements on a further 333 homes over eight sites. We are becoming increasingly successful, securing a greater percentage of the sites we submit offers on and we're seeing our reputation within the land market improve significantly.

Three MyPlace schemes – our product for adults with learning disabilities or mental health problems - have started on site this year and we have secured planning on a fourth that should start on site early in the next financial year. In addition, we have started to construct outright sales apartments in Lichfield and two fabulous retirement living schemes in Stourport and Banbury.

In March 2017 the Board signed off a revised new homes plan that will deliver 5,311 new homes over the next five years for a total investment of £501m. This plan focuses on making a real difference by building homes that otherwise may not be built, a balanced land-led and s106 programme. And in the year we mark the 50th anniversary of Cathy Come Home – we also remember our roots, as building affordable homes for rent and shared ownership is still the main focus of our activity, 4,582 of these planned new affordable homes will be managed by Bromford.

Continuing with a strong land-led approach will give us control over what and where we build these new homes. With this approach we can not only ensure that homes are delivered within our existing Localities, benefiting from the neighbourhood coach approach, but we can also ensure that the new homes we provide meet our customers' requirements and remain as affordable as possible in the context of the changing welfare environment.

Looking back

Our completions over the last five years are set out below:

New Homes Completed	16/17	15/16	14/15	13/14	12/13
Rents					
(Social and affordable)	278	254	357	384	409
Supported	15	54	10	54	16
Shared Ownership	167	157	143	200	167
Outright sale	-	-	-	37	13
Total New Homes Completed	460	465	510	675	605
Total New Homes Started	778	727	428	608	765

We completed 460 homes - ahead of our target of 436 - 34 of these were built by our in-house construction team Bromford Developments Limited (BDL). During the year BDL started on 8 further sites which will deliver 199 new homes. As an indication of future activity total starts in the year were 778, ahead of our 600 target and the overall net spend on new homes was £88m of which £73m was capitalised in the year - up from £62m with £50m capitalised in 15/16.

Over the last year we have taken great strides towards increasing the supply of the right homes across our locality areas – outstripping targets across both development and sales. Our new business pipeline remains healthy with a good supply of both s106 homes and land in place to take us forward into the recently approved new homes plan for 2017 – 2022.

In terms of land acquisition, we have acquired six sites for MyPlace, outright sale and affordable rent schemes over the past year for around 172 new homes. In addition we have also agreed terms to acquire a further 8 sites or 333 new homes. This is great news for the programme, however as expected, as the market hots up we are seeing increasing pressure on our financial KPIs.

Three MyPlace schemes have started on site in the past year and we have secured planning on a fourth which is being readied for construction early in the 2017-18 programme. So far these have provided much needed independent living for 56 adults with learning disabilities or mental health needs.

- We have now completed three MyPlace schemes and currently have a further five schemes on site.
  In the coming year we will be undertaking more assertive marketing activity for MyPlace, with the objective of raising the profile of both the product and Bromford's wider land acquisition targets. The implications of the LHA Cap being applied to supported housing still looms. We have undertaken work to identify the impact of various scenarios around this to future proof the model

- Our retirement living schemes are progressing at both Stourport and Banbury. Our first 60 unit scheme in Stourport is expected to complete in April 2018. Following on from the demolition of the existing buildings on our second retirement living scheme in Banbury (78 units) led scheme with a 106 week build programme), ground works commenced during September 2016 and it's anticipated that it will be completed late 2018.

There has been a hold up at School Gardens, in Stourport where we've experienced issues of defective blocks which have taken longer than expected to agree a technical solution with the temporary propping companies and structural engineer but this has now been done and the scheme will be proceeding as soon as possible. Sales interest in School Gardens has been positive with more than 430 people registering an interest in buying one of our 60 available apartments.

We have secured planning for our first regeneration scheme at Levett Road, Packington and construction of 22 new affordable homes will commence shortly - see our case study on **page 19**.

We are pleased with the new business we've secured over the past year, having **agreed terms on 849 s106 homes with developers against a target of 400**. However being reliant on developers has meant that at times completions have been erratic where developers amend programme dates to suit their own outright sale programme. This uncertainty does pose a challenge when marketing properties, however our sales activity has remained buoyant over the last year having delivered **164 sales completions against a target of 149, bringing in £2million more than our annual budget sales receipts.**

For shared ownership we ended the year on an average share sold of 46.9% which is an incredible result and confirms that we have not sacrificed quality for quantity. We have finished the year with 36 empty plots (17 of which were purchased in March) - 22 of these are sold subject to contract and a further five have buyers waiting.

We have one ORS scheme in progress in Lichfield and have three other sites procured. Profits from outright sale schemes are used to cross subsidise our new rented homes.

Looking forward

We are committed to continuing to develop new homes in volume into the future. We expect to develop with little or no capital grant and will continue to benefit from the experience and commercial expertise of our in-house development and construction teams to help us achieve this.

We have recently approved a revised new homes business plan, which will help us to deliver our strategic objectives by:

- Increasing the supply of homes - the plan provides for the building of **5,311 New Homes** with the delivery of **4,582 new homes into management over the next five years**; we are focused on making a real difference by building homes that otherwise may not be built by combining a s106 programme where we procure homes from developers with an increasingly land led in house development approach
- Making sure each customer has the right homes; having a land-led approach gives us control over what we build and enables us to ensure that the new homes we provide meet our customers' requirements and remain as affordable as possible in the context of the changing welfare environment
- Making sure we build the right relationships; we aim to deliver our new homes in Localities which will allow us to better deliver the Deal.

Broadly, there are four land-led business streams:

- MyPlace
- Retirement Living
- Rented and shared ownership homes
- Homes for outright sale, to provide cross subsidy for rented homes.

Alongside this:

- We are assuming an ongoing s106 programme of rented and Shared Ownership (SO) homes
- A regeneration programme based on renewal of specific schemes.

We also expect to have a programme to replace any homes lost by way of Voluntary Right to Buy (VRtB).

Overall we plan to develop c1,000 new homes each year.

We're on track to build 5,311 homes in the next five years which is part of 88,000 new homes by 2022 as part of PlaceShapers - a national network of more than 100 community based housing associations. **Read more about how we're increasing the supply of new homes** in our Star builder article on the PlaceShapers website.

Enabling our strategy

In addition to the three strategic objectives we've already detailed it is important to us that we are explicit about how every part of the business has a role to play in delivering the strategy. As the name suggests the strategic enablers are the things we need in order to deliver our objectives. They are: enough money; the right people; the right tools; and the right organisation.

One of the key areas of focus and investment is our business transformation programme that launched in September 2016. The transformation programme is providing us with a platform to change our processes and systems so that we can deliver simple ways of working that put the customer first. This five-year programme is like starting with a blank piece of paper to say "if we could design our business in an ideal world - what would that look like?", and with that we are removing the barriers and the shackles that often prevent us from tackling some of these issues we face in our daily working lives.

The vision of the transformation programme is to create a business that has simple, customer-centred processes and services that are as easy as possible for colleagues to deliver – this will be a key focus for us in the year ahead.

Over the past year we have continued to invest in our colleagues' development. There's been lots of internal promotion, with many customer service and other colleagues moving into the new neighbourhood coach roles. We have delivered a new High Performance Leadership programme to our 37 heads of service. The focus of this programme is to reinforce the Bromford approach and the need to be agile and high-performing. Our 'Grow Your Own' academy for talent in the business has also gone from strength to strength this year. This Academy is part of our blended learning approach that consists of classroom and digital sessions.

To support the mobilisation of Localities we have invested in the development of a learning pathway for neighbourhood coaches to support both existing colleagues with the transition from their current roles and for new colleagues coming into the business. To develop colleagues' coaching skills we have successfully commissioned support from Coaching Inside and Out - a specialist charity that seeks to challenge and support people convicted of offences through life coaching. They have helped to shape and deliver our coaching programme and this will be developed further as we learn from the mobilisation and deployment of the programme.

Enough money.

Looking back

Our financial performance for 2016/17 has again been very strong.

Income and Expenditure	16/17	15/16	14/15	13/14	12/13
	£m	£m	£m	£m	£m
Core turnover	**151**	155	154	144	139
1st tranche & similar sales	**16**	15	11	22	14
Turnover	**167**	170	165	166	153
Cost of sales	**(11)**	(11)	(8)	(18)	(12)
Operating costs	**(89)**	(90)	(91)	(87)	(87)
Surplus on disposals	**8**	7	5	4	2
Movement in fair value of investment properties	**1**	-	1	-	-
Operating surplus	**76**	76	72	65	56
Core operating surplus	**63**	66	65	56	51
Net interest charge	**(26)**	(27)	(27)	(26)	(26)
Surplus	**50**	49	45	39	30
Movement in fair value of financial instruments	**-**	-	(11)	-	-
Surplus before taxation	**50**	49	34	39	30

Balance Sheet	16/17	15/16	14/15	13/14	12/13
	£m	£m	£m	£m	£m
Housing property at cost	**1,879**	1,809	1,760	1,656	1,604
Depreciation	**(233)**	(220)	(205)	(186)	(175)
Grant	**-**	-	-	(528)	(526)
Net book value	**1,646**	1,589	1,555	942	903
Other fixed assets	**22**	25	24	17	16
Grant liabilities	**(435)**	(442)	(451)	-	-
Net current liabilities	**(5)**	(14)	(17)	(16)	(8)
Assets less current liabilities and grant	**1,228**	1,158	1,111	943	911
Reserves	**634**	584	531	397	358
Pension	**10**	11	15	13	12
Other long term liabilities	**55**	54	49	8	5
Net debt[1]	**529**	509	516	525	536
Funding	**1,228**	1,158	1,111	943	911

Operating cash flow	**91**	99	78	84	71
Cash surplus (operating cash less interest)	**64**	72	50	57	44

Financial Ratios	16/17	15/16	14/15	13/14	12/13
Core operating margin	**42%**	43%	42%	39%	37%
Total operating margin	**46%**	45%	43%	37%	35%
EBITDA cover	**3.62**	3.52	3.17	3.12	2.76
Cash conversion[2]	**120%**	130%	118%	138%	131%
Net debt / cash surplus	**8.2**	7.1	10.3	9.2	12.1
Asset gearing[3]	**29%**	29%	31%	32%	33%
Gearing[4]	**49%**	49%	53%	57%	61%

Notes

1. Net Debt is debt less cash at bank and in hand and investments
2. Cash conversion compares operating cash flow to operating surplus
3. Asset gearing compares net debt to housing property at cost
4. Gearing compares net debt to reserves plus capital grant
5. 14/15,15/16 and 16/17 reflect FRS102, 12/13 and 13/14 information is from accounts prepared under previous UK GAAP and do not reflect changes under FRS102
6. Core turnover and Core operating margin relate to all housing activities excluding first tranche sales and open market sales. Core operating margin is Core operating surplus as a percentage of Core turnover

Our key financial objective has been to maintain and improve our financial strength whilst protecting our liquidity – enabling us to meet our objectives as a business with a social purpose and be in a position to respond to emerging opportunities as they arise.

We continue to focus on two main areas: cost control within a value for money framework and strong cash generation from core activities, allowing us to invest in our existing and new homes and in our services to customers. Our principle financial ratios show exceptional performance in both areas. Core operating margin, our lead financial efficiency measure has improved by 5% over the last four years to 42%. In the same period, cash conversion consistently exceeds 100% and our cash surplus (operating cash generated less interest) is consistently over £50m. Reflecting this, EBITDA interest cover has risen 31% to 3.62 times and gearing and asset gearing have now reached a steady level.

Liquidity remains a key focus and at March 2017 we had:

- Cash and cash equivalents of £19.9m
- £154m in undrawn loan facilities (including Revolving Credit Facilities);
- £150m of security ready to use within six months, with a further £220m in the pipeline, which will be processed over the course of the next eighteen months;
- In addition, Bromford holds security with its funders in excess of their asset cover requirements.

Income and expenditure

This is the second year of preparing accounts under FRS102. FRS102 reporting brings additional volatility in reported surpluses, even though the underlying cash and business performance position is unchanged.

The surplus before taxation of £49.8m is another record for Bromford (15/16: £48.9m). Operating surpluses were strong at £76.1m (15/16: £75.9m).

The vast majority of our income is derived from rents and service charges and we are not dependent upon income from asset disposals.

It is important that we benchmark our financial performance against others; due to timing of accounts publication, this benchmarking is more than a year old. Bromford are taking part in the sector scorecard benchmarking exercise and we expect to have the initial findings from this in the Autumn of 2017.

Our full benchmarking report can be accessed on our website **here**

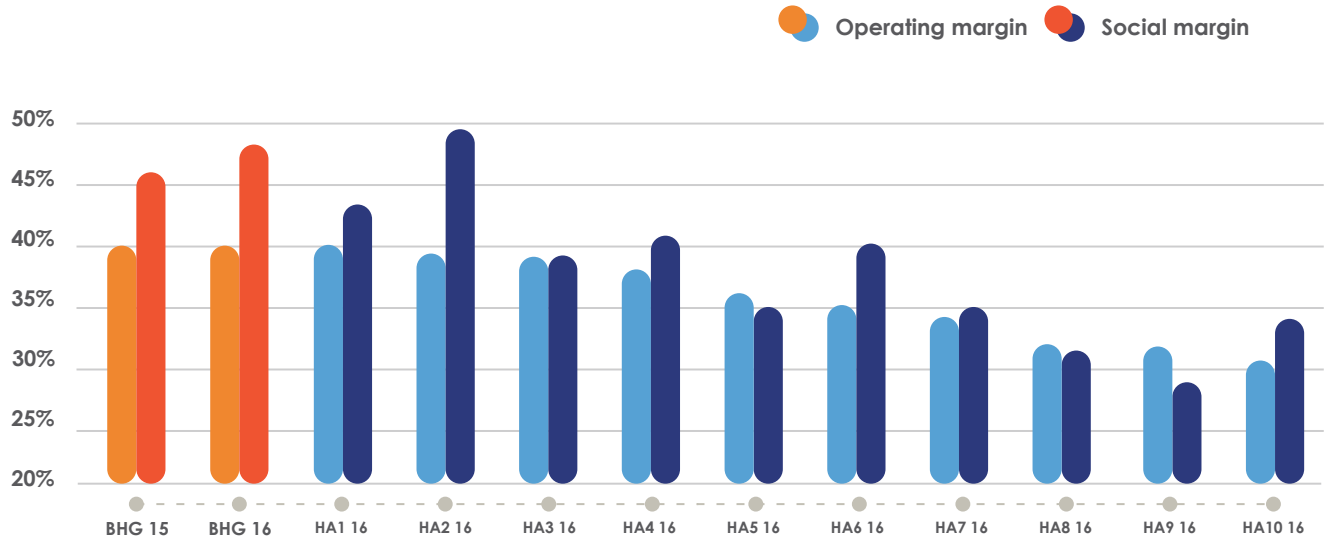
We benchmark against a peer group of 23 other large Housing Associations (HAs) with a credit rating.

Measure	Best	Worst	Bromford	Bromford rank out of 24
Operating margin*	40%	20%	40%	1st
Social margin	49%	22%	48%	2nd
Return on assets	5.0%	0.6%	3.0%	4th
Full interest cover	5.53	1.23	2.86	7th
Social interest cover	3.45	1.05	2.57	3rd
Cash / home	£5,388	£1,051	£2,832	7th
Cash conversion	178%	69%	120%	7th
Voids & bad debts	1.01%	3.85%	1.28%	6th
Gross arrears	2.66%	11.64%	4.05%	3rd
Headline social housing CPU	£2,462	£6,885	£2,864	3rd
Management CPU	£511	£1,789	£671	3rd
Service charge CPU	£163	£1,248	£341	6th
Major repairs CPU	£443	£1,902	£718	10th
Total Maintenance CPU	£561	£1,833	£626	2nd
Reactive repairs CPU	£396	£1,072	£547	3rd
Other Social Housing CPU	£53	£2,122	£508	16th
Full cost of funds	3.9%	15.5%	5.3%	12th
Debt per unit	£12k	£40k	£18k	9th

The charts below show Bromford's performance compared to the top 10 performers for that measure taken from this peer group.

We continue to generate strong operating surpluses and our operating margins remain some of the highest in the sector. The graphs below benchmark published accounts for 2016 in which operating margin* excluded profits on disposal of housing properties and revaluation gains or losses on investment properties. However the table on page 23 shows our statutory operating margin which includes these two items.

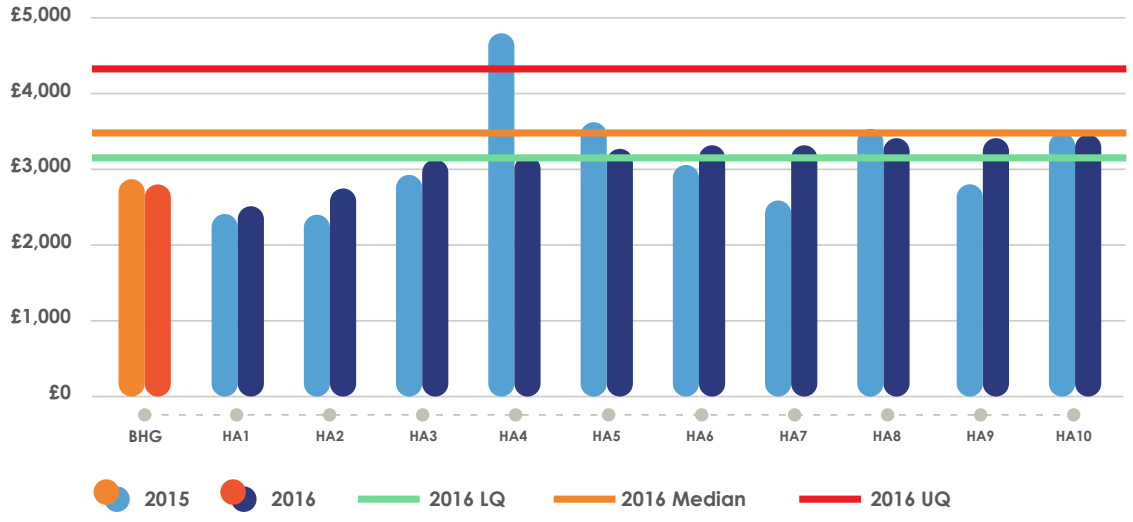
2016 statutory accounts margins



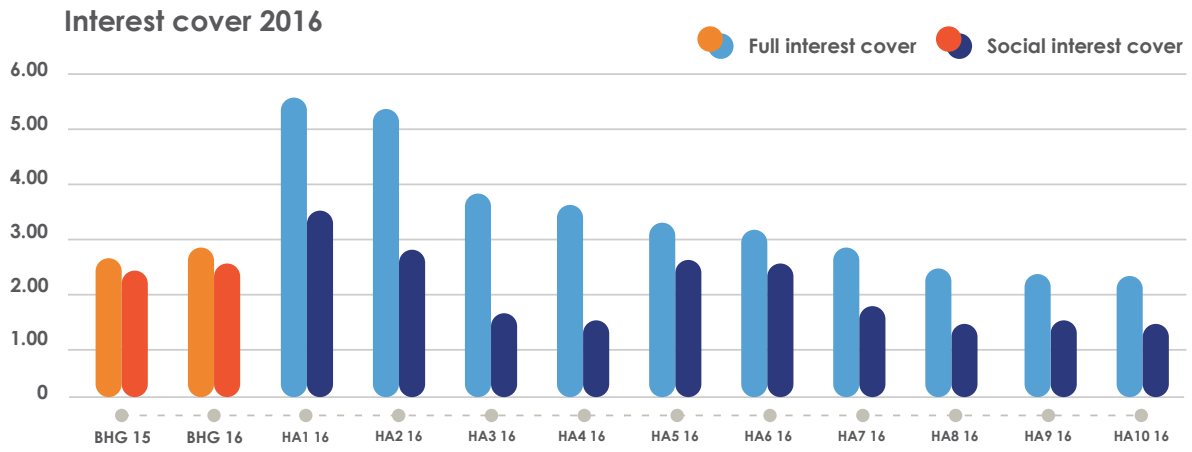
The HCA's social housing cost per unit analysis is set out below; we compare favourably - with the 14/15 and 15/16 being lowest quartile. Our 16/17 results also look to remain low.

Our benchmarking report includes a breakdown of this cost per unit for management, service charge costs, maintenance, major repairs and other costs.

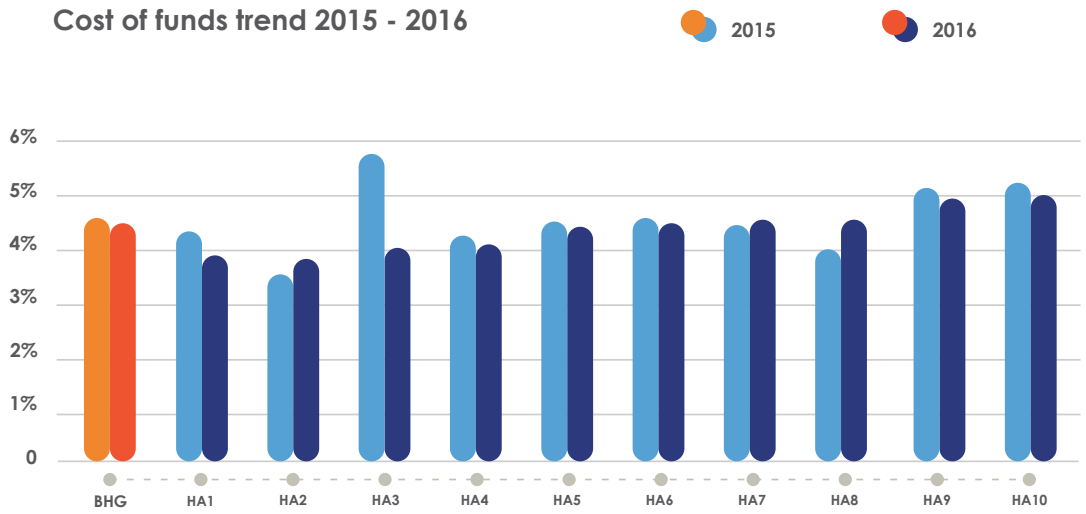
Headline social housing cost per unit (HCA) trend 2015 - 2016



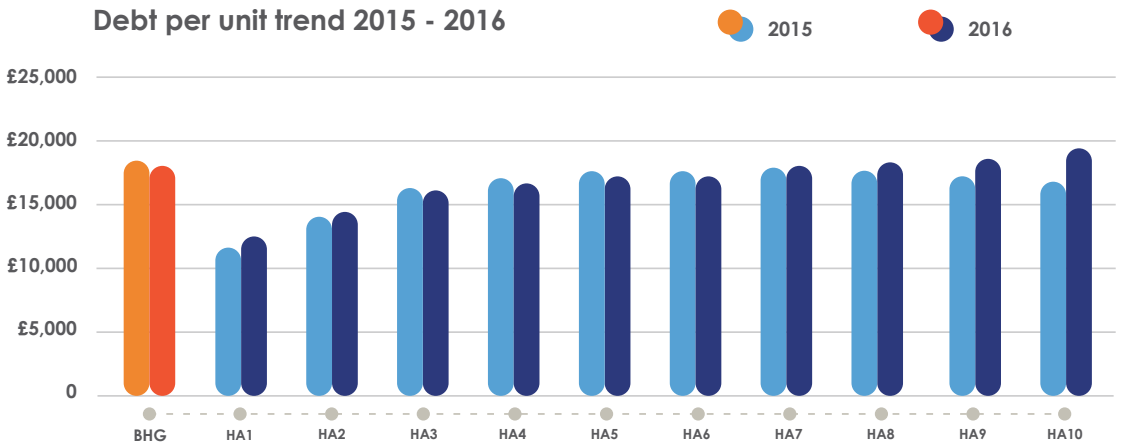
We also continue to manage our interest bills through flexible treasury management. Our interest cover ratio is 7th highest in our peer group, see chart below.



The full cost of funds comparison below is calculated as the years interest charges as a percentage of year-end debt for the comparator group. For both 2015 and 2016 Bromford repaid borrowings near the year-end, with minimal impact on interest charges, which would have overstated our cost of funds figures using this benchmark calculation. Therefore, in the chart below we used our overall weighted average cost of funds, which was 4.62% in 14/15 and 4.48% in 15/16. This makes our cost of funds 6th in the benchmarking peer group.



Our debt per unit is the third highest in the benchmarking peer group at £18,275, however there are only two HAs with debt per unit below £15,000.



Procurement savings

We consider a mix of several key drivers when making procurement decisions including, price, quality and social value factors. Whilst price is clearly a very important factor, it is one of several. Quality is a critical issue, ensuring that we get the best service for Bromford and for our customers. In 2016/17 the Procurement team led new initiatives which resulted in £546k savings (£129k Cash and £417k cost avoidance) with some examples of these identified below.

Contract	Economy	Efficiency	Effectiveness
Materials - Boilers & Associated Parts (Gas Install)	Additional cash saving of £25k linked to product innovation	Greatly improved service delivery through partnership approach / defined SLA supporting repairs and growing install programme	Social Value benefits through use of framework delivering Apprenticeship and work experience opportunities
	Additional cash saving of £14.5k linked to negotiation following volume increase	Application of innovation by supplier through recommendation of alternate products	Improved customer service delivery with reduction in cancelled jobs due to improved SLA
The Supply of Legal Services	Clearly defined service fees across all identified specialisms	Greatly improved SLA with appointed leads for each defined lot	Free continued professional development offerings for Bromford colleagues
	Aggregation of legal spend through category management approach	Aligned instruction procedure for all appointments	Excellent social value benefits directly linked to Bromford customers including CV writing and interview coaching
Supply of Emergency Response (24/7) Core Care & Communal Cleaning Services at Beacon Park Village, Lichfield	£104k service transfer costs avoidance	Clearly defined SLA with partnership approach	Assurance of delivery of care for vulnerable customers and continuity of expected support and services
	Large service charge increase mitigated	Re-modelled service design to make optimum use of resource	Involvement of customers in procurement process to ensure their needs were met
Fleet	Cash saving of £35k through aggregation of spend with application of category management approach	Reduction in administrative tasks primarily through single supplier arrangement	Improved colleague experience through adoption of mobile application
Out of Hours Call Handling	Fixed price for two years with increases capped with reference to a clear price indexation	Rapid robust mobilisation of critical front line service	Contract awarded to local SME
		Improved SLA with addition of ad-hoc welfare calls to our most vulnerable customers	

Looking forward

Our financial planning is cashflow based. Our VfM Framework sets targets for net operating income generation from core activities and from disposals arising from our asset management plan. After meeting our loan obligations for interest and loan repayments, this leaves our free cashflow which is available for investment choices. Our aim is to maximise the monies available for investment and to be clear about the returns – social and economic – we expect to achieve from our investment. Under our VfM Framework, our free cashflow materially funds our investment in three areas: existing homes; developing our services to support Localities; the deal relationship with our customers and new homes. Typically, the amount we invest will exceed our free cashflow and we meet the shortfall from our own cash resources or from new loan finance.


The right
people.

Looking back

Over the last 12 months, much of our work has been around putting the foundations in place to ensure we have stability and security going forward, as the business faces a significant period of change. We need to ensure we not only continue to attract the best colleagues, but that we retain them by providing the best places to work, the best tools, a safe environment and package that rewards them.

We have worked with Korn Ferry Hay Group (KFHG) to review all job roles and matched them to their KFHG level, with colleagues notified of the change to their pay. Our next steps include finalising the core competencies expected of colleagues at each level, before training the people team and leaders on job evaluation, using these core skills as a framework.

Our work on the total pay and reward package continues and we hope to launch our new flexible benefits later this year. There has been some difficulty in this transition period, with colleagues' previous benefits ending before the new system is ready, however the new package will provide colleagues with a higher overall reward.

Despite this, year one turnover remains higher than our target at 21.5%, and so we're continuing to explore the reasons for this. We hold reviews with colleagues leaving the business and we are working specifically with home maintenance where recruitment activity has been high and we have very specific challenges about recruiting and retaining high quality engineers, reporting on the trends on a monthly basis. We are also starting to refine our data, providing leaders with robust insight to identify issues or support required. A newly developed dashboard will be ready in the coming weeks which will provide an at-a-glance overview of our people.

Changes to absence management have now been communicated and all colleagues have been made aware of the changes to our absence triggers. While there has naturally been some concern of the impact during the transition period, as colleagues who hadn't triggered may now jump straight to red, generally leaders are on board with the new processes. Our main message is that conversations are key, and that leaders should hold return to work meetings to understand why a colleague has been absent. This has been supported by leaders workshops, which have proved extremely popular. The policy went live on 1st May.

Training of neighbourhood coaches is now in its sixth programme, which is constantly being reviewed and updated to reflect the feedback of colleagues as well as the developing role of the neighbourhood coach, ensuring we continually deliver the right learning outcomes. The development of our leaders still remains a key priority and this is also under review. The first milestone of this was a leader session at the Bash (our colleague conference), setting out some of our future aspirations to ensure continuing engagement as we begin a major period of change.

Looking forward

We have now completed our formal 60 days consultation with our colleagues on our new pension offer. This consultation campaign has not only addressed the 270 people most affected by the changes but has included a strong element of financial wellbeing information directly relating to pensions. Initial feedback indicates the consultation has achieved the desired outcomes we wanted. We are now making a recommendation to Executive Board that we proceed with implementation of the new pension offers as planed in April 2018.

The right tools.

Looking back

A number of IT updates have been successfully implemented, ensuring our colleagues have the best systems to support our customers. These include the launch of the first phase of our H&S system, a series of improvements to our housing and assets system Active H, changes to finance systems and tools to support the right to buy/right to acquire processes.

Customers have directly benefited from a number of these IT changes. On our website, the customer portal has had a number of improvements, adding new functionality for customers and streamlining behind the scenes processes. Customers can now self-register for an account rather than contacting us, and will find new tools such as a secure messaging system and improved repair reporting. All these improvements auto-update our CRM reducing the need for double handling.

We have just launched our new payments portal. In the future, this will allow customers to pay their rent directly to us via our website, rather than going to a third-party payment provider, reducing additional overheads and creating a better customer experience. To test this, we are asking neighbourhood coaches to make payments while with customers and we are already receiving positive feedback.

Our device roll-out goes from strength to strength, with around 400 new devices issued. All tablets have now been replaced and all new starters receive a device on their first day. Colleagues who did not move to tablets in the last device rollout will receive their Dell laptop in a phased programme over the next six months, with Localities colleagues the next to receive a device.

As the new devices are rolled out, so too is Skype for Business. This is being well received with all colleagues on a new device making use of the system for meetings and remote working. We have recently trialled an external webinar sharing Localities best practice with other HAs, which worked well and received positive feedback from those who took part. We have also held an all-business digital roadshow, or town-hall, with Philippa discussing 2point0, our systems and processes transformation project. This was well received with over 100 colleagues tuning in individually or as a group using Skype. Our next step will be to pilot meeting room solutions, to equip our meeting spaces with Skype conference call technology rather than relying on colleagues using the cameras / microphones on their devices.

Our ICT helpdesk are also trialling some self-service support options, such as password resets, to ensure colleagues who work outside of the normal helpdesk opening times can complete minor triage on ICT issues. This provides more support to colleagues who are taking on the challenge of working differently, whether they be in different locations or in this case, different times.

Our work around workspaces continues and leading workspace consultants Claremont have produced some early feedback around how colleagues use Exchange and Venture Court. We are currently holding focus groups with a number of leaders, as well as surveying all colleagues on their thoughts around what a workspace of the future could look like, and how Bromford currently support different working styles. Colleagues continue to engage with the #BeDifferent challenge to work in various locations, reducing our carbon footprint, and increasing collaboration internally and within our communities and with partners.

Our new Service Delivery Centre (SDC) at Stafford Park has now opened with an improved working environment for our repairs and landscaping colleagues, but also offering more drop-in space for all other colleagues. This is a popular work location and colleagues have quickly created a strong cross-team working environment.

Bromford 2point0 update

Bromford2point0 is a major transformation programme for our processes and systems which we expect to take up to five years to deliver this major change for Bromford.

The Bromford 2point0 programme is about delivering our strategy by reviewing our process, people and systems and then building simple and streamlined services for our customers.

Service Design is approaching completion and the Business Case is already significantly concluded with Supplier Partner procurement to be finalised in September 2017.

Overall cashable benefit projections are progressing well. Colleague focus groups are taking place across the whole organisation to help identify any enablers and/or barriers to change. Key trends from these sessions will be used to influence and shape the business readiness agenda. A business wide internal communications campaign has now been launched. Running throughout the rest of the programme to keep colleagues in the know and engaged.

Procurement dialogue sessions have been taking place on site - as part of the competitive dialogue process, suppliers have been asked to carry out onsite demonstrations which members of the core team and wider business have been involved in. Considerations arising from these sessions are leading to us reviewing the timetable for the final stages of procurement

Looking forward

We have secured a new location for our workspace in the Solihull area moving from the Friars Gate offices to a smaller serviced office space on the Blythe Valley Business Park less than a mile from the current location. This brings a saving of £182k per annum. The move to the new space will commence in October. We are also exploring options for our future workspace in Lichfield.

We have started to identify resources across the organisation who can potentially fill some of the roles we will need for the next stages of 2point0 – such as change champions, subject matter experts and user acceptance testers.

We have identified the checks required before moving into the next stage of the programme, to ensure that both the business is ready and the programme has completed everything it needs to in order to move forward – this is the business readiness criteria and stage gate review.

Bromford 2point0

In the short term, we need to complete all remaining target operating models and business cases. We also need to complete service design workshops for tranche 3. We then need to progress a definition of requirements in preparation for 'invitation to submit final tender' for suppliers.

The business case was approved at the July 2017 Board meeting, subject to agreement of final procurement costs. We will then check our resource assumptions against supplier requirements as the procurement progresses, confirm the order and grouping of projects to be delivered in the next stages of the programme and establish the resources to achieve these.

The right organisation.

Business assurance

We have concluded a review of the business assurance service. A 'continuous improvement plan' has been agreed with Mazars and was approved at March 2017 Assurance and Audit Committee. The governance team has been working with functional leads and heads of service to put together the 2017-18 business assurance programme.

1. We have taken the opportunity to review the suite of quarterly compliance tests for each functional area, to make sure they're still appropriate for the needs of the business and add value. These were endorsed by Assurance and Audit Committee at its meeting in July

2. We have reviewed the list of significant risk reviews proposed by Mazars for 2017/18. The final programme was endorsed at Assurance and Audit Committee in July with 6-8 reviews being selected and informed by advice from Executives and the Assurance and Audit Committee's own review of the risk register.

Assurance and Audit Committee and risk reporting

We have concluded an extensive review of our risk register to respond to feedback from the IDA that it should be more closely aligned with our strategy. The review has also given us a chance to simplify the scoring matrix and introduce a more explicit risk appetite section. We expect our risk register to continue to evolve during 2017-18 as our approach to risk matures and we move towards a more shared understanding of how to score risks and which controls are the key few. We will be reviewing whether 4Risk is the right tool to help us.

We have expanded to four longer Assurance and Audit Committee meetings a year, to include a 'deep dive' into an area of the risk register at each meeting. We kicked off with new homes in March and the next 'deep dive' will cover safeguarding in July. It will be a great opportunity for the business to take NEDs through our current arrangements and to update them on improvements that are currently being put in place in this increasingly important area.

Emerging or increasing risks

A combined DCLG and DWP select committee has been taking evidence on the Government's proposals for new funding arrangements for supported housing (an LHA cap on rents with a locally administered 'top-up' fund for any shortfall). The committee has published its report which comes out strongly against the Government's proposals and supports the idea of a national supported housing allowance (which we and others advocated). We will have to wait until after the general election to see how the new Government responds.

Data protection

There were no data protection breaches reportable to the Information Commissioner during the year.

Preparations are being made for the introduction of the new General Data Protection Regulations (GDPR) which come into effect in May 2018. A plan for implementation is being developed which will respond to the more rigorous requirements of GDPR. In preparation the Governance team has been working with ICT to bring together a whole range of policies around data protection and security into a single information governance policy.

Board effectiveness

During 2017 the Board has carried out its annual board effectiveness survey. The findings continue to be positive and build on activity from previous years. A continuous improvement plan for 2017/18 has been developed.

Mergers

The Board has considered the NHF voluntary code of practice on mergers and partnerships (the Code) and supports the intention behind the 10 principles of the code.

The Board believes that some aspects of the detail set out in the code are too prescriptive to be applied in practice to the very wide variety of ways in which mergers and partnerships between housing associations can be initiated.

Bromford.