



**Aster Group Value
for Money Self
Assessment 2012/13**

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This is the first Value For Money (VFM) self assessment for The Aster Group. This statement demonstrates Aster's compliance with the HCA's economic standard Value for Money and will be published annually.

REQUIRED OUTCOMES - We will articulate and have a comprehensive approach to achieving value for money in meeting our objectives, taking into account the interests of and commitments to stakeholders. This means managing our resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering year on year improvements in value for money

Re-investing in our communities to improve the quality of life of our customers forms part of our mission statement and is contained within our Corporate Strategy. This Strategy is supported by our Aster Corporate Plan which sets out a number of strategic objectives. Managing our resources economically and more effectively to provide quality services are integral to these objectives. In 2012 Aster Group merged with Synergy Housing and the business case was partially predicated on the achievement of savings totalling £14.5m over 5 years. Implementation of the Neighbourhood Approach also formed part of the merger agreement with Synergy Housing and aims to allow more involvement within communities and provides greater autonomy for local people in determining how investment should be prioritised.

In February 2013, a new Group VFM strategy was approved and is underpinned by three strategic objectives:

- A commitment to meet the savings identified as a result of the merger between Aster and Synergy.
- To develop an understanding of the cost base and the value (including social value) of the services provided and to use this information effectively in business and financial planning.
- To develop an understanding of the asset base and the opportunities and challenges this brings the Group.

The VFM Framework sets out how we will meet the commitments outlined in the VFM strategy over the next year and value for money is being further embedded across the organisation.

SPECIFIC EXPECTATIONS 1.1 Our Boards shall maintain and, on an annual basis, publish a robust self assessment of our performance which sets out in a way that is transparent which demonstrates:

A robust approach to making decisions on the use of resources to deliver the provider's objectives, including an understanding of the trade offs and opportunity cost of its decisions

All reports to the Board are preceded by a report cover which requires the author to give due consideration to the value for money implications. Business cases for strategic projects are also required to detail the financial, risk and value for money implications. In the body of reports, authors are required to give an overview of research and findings and clearly set out the options available with costs where applicable and make recommendations. A good example of this type of report and one that demonstrates how we are looking to maximise the use of resources by partnership working is the board report proposing a strategic alliance with Tamar Housing Society.

Boards are involved at the earliest stage in setting our strategic direction and objectives through the corporate planning process and quarterly updates are presented and scrutinised on progress against the Corporate Plan.

We have a robust mechanism in place for setting budgets and monitoring spend. Budgets are monitored at heads of service level and each area of the business has a management accountant with meetings held monthly to scrutinise spend. Reports are submitted to Group Leadership Team (GLT) monthly and management accounts are scrutinised by all boards on a quarterly basis.

An understanding of the return on our assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives.

This expectation links to our VFM objectives and a number of Corporate Plan objectives. Specifically, a commitment to develop a stock rationalisation and acquisition plan with a list of disposals by February 2014. The Asset Management Plan for 2013/15 will be consulted on and Strategy presented to Group Board in November 2013 and one of the key objectives will be to deliver a stock rationalisation strategy by December 2013. Aster Property have standardised the approach to assessing the value of our assets using the Stock Options Appraisal Model (SOAM) and the annual stock options appraisal programme is reviewed at Asset Management Strategy Group (AMSG).

Recommendations for the stock disposal, refurbishment and redevelopment are considered at AMSG with recommendations ratified at Group Investment Panel. An example of how Aster Property are evaluating our stock and looking at options is the Eastleigh Road Conversion in Devizes. This refurbishment project took place during November 2012 and Aster Property commenced work to return two one bedroom flats to a three bed house. Similar refurbishments have been undertaken in the past along Eastleigh Road and have been requested to reduce the levels of Anti Social Behaviour from single tenanted properties. Regional Directors have reviewed the current asset holding within regions and provided feedback in respect of developing the stock rationalisation strategy. In 2012/13 the capital receipts from stock disposals was £977K including grant for seven properties with a negative Net Present Value. £500k is planned for 2013/14.

The Land Enhancement Project is underway and an initial review took place in April. On the back of the land enhancement project, Aster Homes have developed several garage sites and other areas of unused land into new homes for Aster Communities. For example, seven new homes were recently completed for affordable rent in Ludgershall, Wiltshire on a former parking court and adjacent land. As part of the project, Aster Homes was also able to create an enclosed safe area for children to play on an unused piece of land next to the site.

Aster Homes have a number of objectives relating to looking at potential benefits of alternative delivery models, in particular undertaking a benchmarking exercise to establish the cost effectiveness of the development service and consider the relative cost/benefit of outsourcing the service. Aster Homes will also research demand, appraisal parameters and financial viability for market rent and establish where within our geographical area it works best.

Aster Homes have entered into a joint venture with Galliford Try to build initially fifty properties. This has the effect of sharing risks and reducing cost.

Aster Group is also investigating the potential to enter into a Cost Sharing Vehicle with other Registered Providers and third sector organisations. While in its early stages it is anticipated this will provide VAT cost savings not just for Aster but the sector generally.

Performance management and scrutiny functions in place which are effective at driving and delivering improved value for money performance

A new performance management framework is being developed which will include the high level VFM Key Performance Indicators and a new Continuous Improvement Strategy was approved in May 2013 which references the VFM strategy. A number of staff across the organisation have specific responsibility for business improvement and performance management. These members of staff monitor performance, carry out service reviews and work with teams to support the identification and implementation of improvements to services. Business Improvement plans are developed and monitored across the Group. The Customer Scrutiny Panel have a key role in scrutinising our performance and part of their remit is to carry out service reviews for areas they chose.

A significant amount of capacity is focussed on ensuring value for money and continuous improvement. Value for money is included in all 1:1s, appraisals and Board reports and is a key feature of the appraisal process for strategic projects and the procurement process and is built into the feedback from audits. Value for money logs are also in place to record improvements and efficiencies across the organisation and a good example of this can be found in Aster Property where all VFM savings are documented and broken down by area. This information forms part of the evidence of how Aster Property are meeting their commitment to make £1.9m of savings as part of the Aster/Synergy merger.

Human Resources statistics are regularly produced and scrutinised by GLT and boards. Regular scrutiny of these statistics identified an increasing sickness level across some areas of the business and as a result an attendance rating was introduced linked to appraisal outcomes and ultimately salary increases. This has seen a reduction in staff sickness. An example of this is where Aster Communities sickness cost was running at around £13,000 pcm and has now reduced to around £4,000 pcm.

An understanding of the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so

There are two additional objectives in the Aster Corporate Plan that directly link to this expectation. Aster Group and all subsidiaries will understand the cost of delivering their basic service level and Aster Group and all subsidiaries will understand the impact of their services. A Cost and Value Review report was presented to the GLT in February. This outlined a methodology to enable costs to be assessed across several business areas and proposed an 'information dashboard' approach called a Service Review Statement (SRS). SRS have now been introduced for key service areas across the Group and allow assessment of the value for money of each individual service by evaluating and comparing their performance, costs and spending. This is done both from an internal and customer perspective through the Customer Scrutiny Panel. In addition to this the Customer Scrutiny Panel, provide feedback on those services which would benefit from further review and service improvement.

Aster Property manage procurement for the group and as part of the interim strategy look at the underlying factors and influences to reduce spend without losing quality and procure services and products that meet our ethical obligations as a social business.

Aster is also a member of the Back Office Benchmarking Club (BOB) and have access to data that demonstrates our cost performance against other not for profit companies in the region. Due to the merger of Synergy and Aster the data for 12/13 will not be used to identify potential areas for review but will feed into the service improvement in the next financial year.

SPECIFIC EXPECTATIONS 1.2 - In reaching their assessment, our Boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, they will publish a robust self assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives.

The assessment shall:

Enable stakeholders to understand the return on assets measured against the organisation's objectives

Aster Property is introducing a framework to report the potential rate of return from our assets using SOAM. A high level Asset Management Plan (AMP) will be prepared by August 2013 setting out high level outputs, key actions, performance measures and the portfolio managers responsible for key delivery areas. The land enhancement project further supports this. An annual report will be prepared to update Boards on progress and keep them informed of new or emerging strategies/policies affecting service delivery. Key outcomes will also be published across the Group using SPACE (internal net), our website, the Aster Property Newsletter "Under One Roof" and team briefings. The annual report to customers will specifically highlight VFM efficiencies and the Operating Financial Review contains a section on Value for Money.

Set out the absolute and comparative costs of delivering specific services

Once the SRS process is completed and the information contained verified and scrutinised by the Customer Scrutiny Panel, statements will be published on the intranet for staff and Non Executive Directors. Service information will be lifted and presented in a short form 'service statement' and published on the website. Annual accounts are published to stakeholders and are also available on the website.

Evidence the value for money gains that have been and will be made and how these have and will be realised over time

The merger between Aster Group and Synergy Housing has afforded Aster an excellent opportunity to review its approach to Value for Money. Including to learn from the best practices within both organisations and externally and to identify opportunities for improvement to ensure the methodology and processes used by the Aster Group are robust and fit for purpose. Already the merger has provided benefit.

- Enabled Aster to focus on activities, and improve efficiency, this has seen cash savings of £1.5m per annum in Aster Property
- Realised savings from the merger of over £2m per annum by rationalising management structures and central services.
- Anticipated future efficiency savings of 14million in five years of which 9 million have been achieved.
- Improved the ability to use the asset base to raise further finance for investment in new properties and other ventures.

Bi annually a report on progress against VFM objectives as well as any additional outcomes will be reported to the Group Leadership Team and Group Board. VFM outcomes will be publicised on the intranet and website for customers and external partners to view.

Information from the VFM self assessment will be reported in the annual report to customers which will be available on the website. Evidence of how Aster is realising VFM gains can be found across the organisation. One example is in Income Recovery, from the 1st April 2013 to date the Debt and Benefit advisors have carried out a total of 309 visits and generated a positive income of £24,634.48. Income Recovery have been collecting this data since 2010 since then there has been over 1500 visits to support our customers and maximise income.

This self assessment statement seeks to show how Aster Group are further embedding VFM across the organisation and gives examples of specific initiatives as well as some of the benefits these initiatives have borne. Aster continually refines its approach to VFM and a methodology to collate, share and report centrally will form part of the VFM action plan.



Mel Cook
Chairman of the Aster Group Board

August 13, 2013