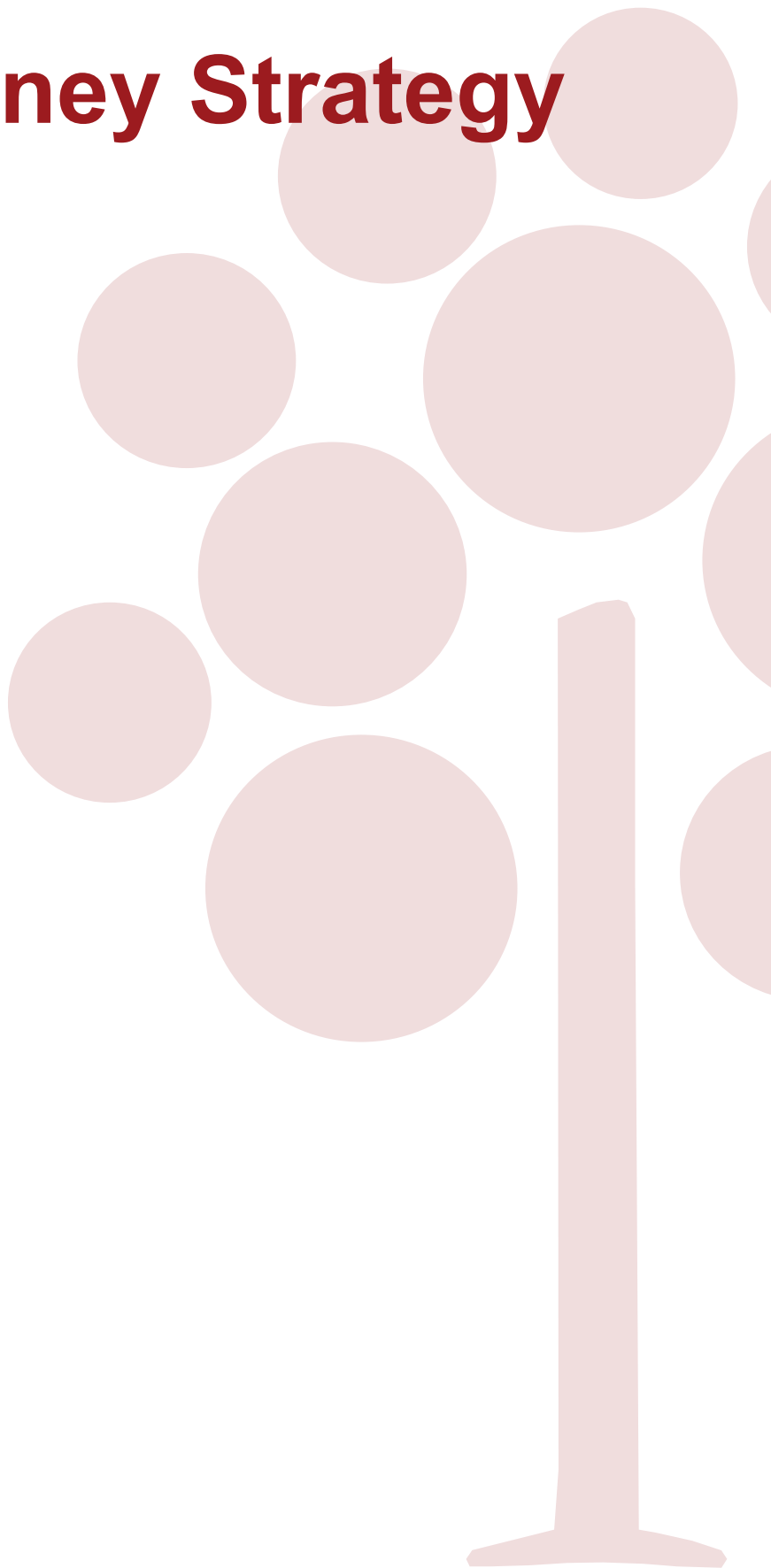


Housing Service Value for Money Strategy 2015



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1. Introduction

The following builds on the Value for Money (VfM) Strategy developed by North West Leicestershire District Council (NWLDC) in 2008. This strategy has been developed for the Housing Service. It will be reviewed and updated in consultation with our tenants on a three yearly basis and provides the opportunity to:

- Respond to a fast changing economic environment
- Align the strategy with the latest housing best practice
- Align the strategy with emerging housing policy areas and trends
- Demonstrate to our tenants and leaseholders that the Housing Service at NWLDC is an efficient organisation making maximum use of our resources
- Ensure that we are delivering against the council's values
- Review the effectiveness of the strategy.

2. Our values

At NWLDC we have a set of values to which the VfM Strategy for the Housing Service must align; these are:

- Delivering agreed value
- Being fair and proud
- Listening carefully
- Supporting what is possible
- Spending our money wisely.

3. Approach to our VfM Strategy

We recognise there will always be a tension in balancing the aspirational standards of our service with the cost of attaining such levels of service. In developing our efficiency initiatives we will seek resident feedback to ensure we prioritise what is important to residents - but at an affordable cost. This is important as the costs of our services are directly reflected in the rent levels and service charges for our properties.

In summary VfM is often referred to as 'the three Es':

- Economy – obtaining resources at best value, taking both price and quality into account
- Efficiency – performing tasks with reasonable effort in a productive manner
- Effectiveness – the extent to which the objective has been achieved and the impact achieved

A value for money service will be one that can identify and deliver efficiency savings by adopting an approach in line with the three Es. Such examples are:

- Getting the same results using fewer resources
- Getting better results using the same resources
- Paying less for something but getting the same result
- Putting in more resources and getting an exponentially better result

4. Opportunities

We continually look for ways to improve economy, efficiency and effectiveness in providing our services. This process is driven by:

- Meeting the needs of our customers
- Linking resources to corporate priorities
- Constraints on available funding due to budgetary pressures
- Savings targets

We will ensure that our Housing Service is high quality, high performing and that our ambitions are informed through consultation and feedback from our tenants, stakeholders and partner organisations.

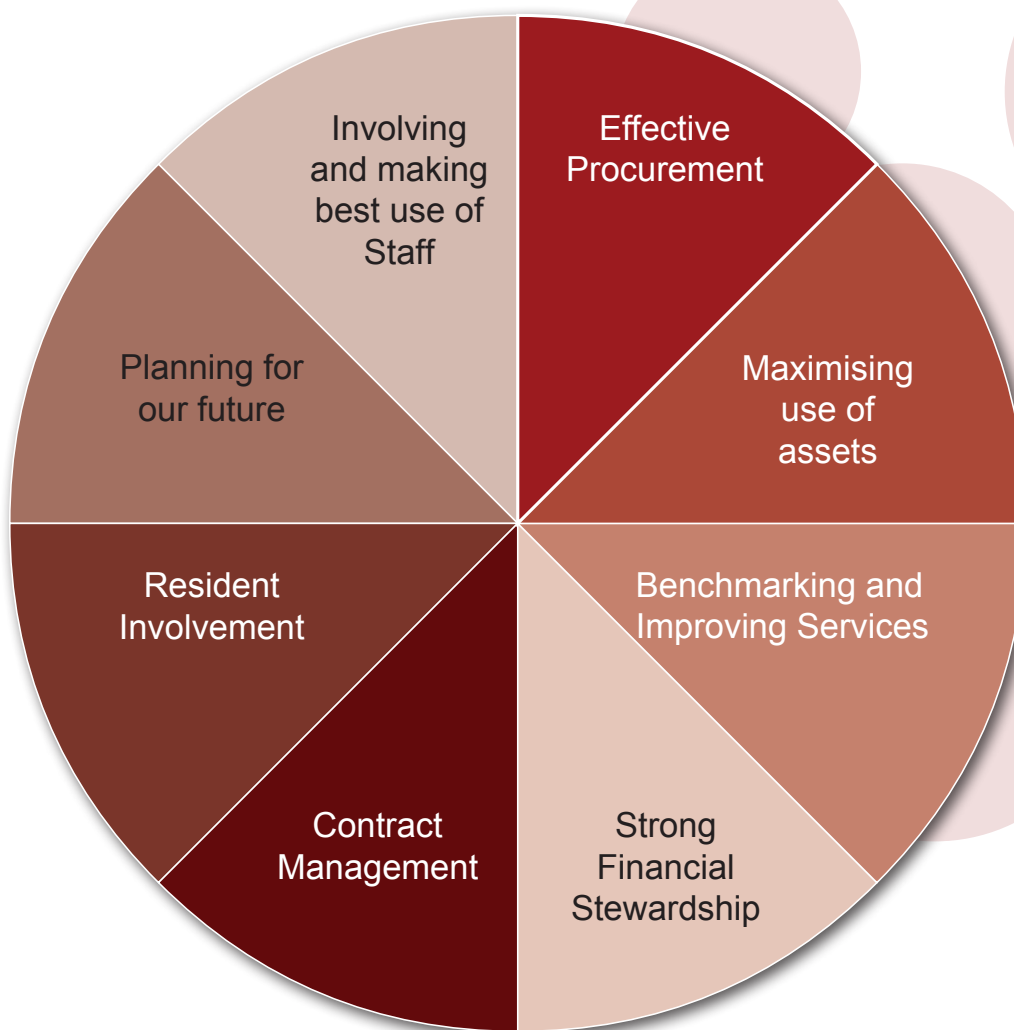
We are clear that VfM within the Housing Service at North West Leicestershire District Council means:

- The service is of the right quality and fit for purpose
- The services provided are planned and managed with due regard to the risks involved
- Services and products are provided economically from a supplier whose prices are competitive for the quality delivered
- Services are provided efficiently through streamlined processes that link internally and with partner organisations where required
- Services are provided effectively in a way that meet the needs of our tenants and focus on the issues that matter most to our tenants
- Rents are kept as fair and affordable as possible whilst ensuring that investment is available to keep our properties decent
- External funding will be accessed wherever practical in support of Housing Service objectives and priorities

5. Framework for delivering VfM

To support delivery of these opportunities, a structure has been put in place around which the strategy can be developed and success achieved.

VfM Delivery Framework



Each segment or 'pillar' included within the framework contributes towards the overall VfM strategy for NWLDC.

Delivery of the VfM strategy will be the responsibility of the VfM Champion Group with the support of Housing Strategic Management Team. Further information on the role of the VfM Champion Group can be found on page 9.

6. VfM Strategy – our approach

Effective Procurement - The procurement of suppliers and partners will be evaluated on the basis of economically advantageous rather than lowest price. This ensures that a range of factors can be taken into account to ensure that the correct balance of fit-for-purpose, quality, cost and service can be measured and in so doing deliver value for money

Involved residents will be consulted and their feedback will help determine the priorities in future procurement activities and inform the brief for negotiating service standards. Residents will continue to be involved in tender assessment panels especially for customer facing services, with recent examples including the Schedule of Rates Contractor and the Tenants Home Contents Insurance provider

Priority areas identified in consultation with both residents and officers, include:

- Development of a Procurement Guide to support a co-ordinated strategic approach to our procurement activity and processes as well as ensuring that procurement within the Housing Service is undertaken with consistency and probity
- Consolidated purchasing of supplies from across the housing service and council to maximise the opportunity of maintaining or reducing costs per unit, by reducing the administration costs through smaller supplier base / reduced invoice volumes and improving economies of scale
- Securing social value, for example through the creation of local apprenticeships and buying local to provide income and jobs within our district

Contract management - As providers of services to our tenants, contractors have a key role to play in delivering VfM and improving service provision. Contractors must therefore understand this strategy and fully contribute to its delivery.

This will be achieved by participating in service reviews, attending workshops and training and by proposing change and innovation in the services they deliver. Contractors will be made aware of how they are expected to work with NWLDC and the principles that underpin our approach to VfM.

An effective approach to contract management will be implemented to ensure that all key contractual outputs are achieved and are measured, monitored and managed on a monthly basis for each contract. Formal contract management arrangements will be initiated from the outset of all contracts and housing staff will be given clear responsibilities for ensuring contracts achieve the required performance out-turns, including:

- Costs
- Quality
- Timeliness
- Customer satisfaction

Maximising assets – An integrated approach will be taken to manage all our assets including planned cyclical maintenance and responsive repairs, greener and more efficient forms of energy, and new building development. This will be achieved through:

- Establishment of a minimum standard for components and energy efficiency within our current stock as for new builds and acquisitions
- Programming works to maximise working in neighboring localities (making best use of stock condition data and leveraging the scale of the council to secure best price)
- Identifying supply chain management and procurement opportunities working in partnerships
- Developing a consistent appraisal model to identify options for assets with high stock investment

6 needs comparative to rental return and demand

- Design-led planning with security, estate environment and health & safety of residents at the core of its thinking
- Establishment of consistent service standards and specifications for boilers, windows and bathroom suites

Improving the energy efficiency of our homes will be a priority. We will develop and champion new and innovative green technology and this work has already started with the installation of new technologies in a small number of tenants' homes as part of the Green and Decent pilot programme. We will measure its success through a VfM review including the cost of the equipment, installation, and servicing compared against the savings on energy costs, user friendliness and resident satisfaction

Involving Staff - Service and team business plan objectives will include VfM targets which will be cascaded through teams to individual staff targets.

Performance will be assessed in three areas:

1. Collective delivery of the Housing Service Business Plan
2. Officer delivery of their individual team targets
3. Officer performance against their own personal targets as outlined and discussed during individual appraisals

Further actions to strengthen our approach to VfM are consistent with the Council's Best Employee Experience (BEE) through which we are committed to:

- Robust annual appraisal and target setting through the Reflections Scheme
- Benchmarking of costs and quality against peer group performance
- Improved performance monitoring systems will offer better access to more timely information.
- Embedding a VfM culture where staff are empowered to deliver against the Council Values
- Encouraging staff to challenge inefficiencies and waste

Team leaders and managers are responsible for delivering services 'right first time', ensuring VfM exists in the day to day management of their service and teams and considering VfM in any new proposals or reviews of their service area. They need to work with the Housing Service Management Team (SMT) to ensure that VfM is understood by all and that VfM Action Plans are delivered once they are agreed by the VfM Champion Group.

All officers are to be made aware of the importance of VfM through the induction programme, training, briefings and team meetings. Staff will be encouraged to contribute ideas for the efficiency agenda using a staff suggestion pro-forma. They will help with implementing improvements and with target setting. It is everyone's responsibility to deliver VfM in their day-to-day activities.

Resident involvement – We will continue to consult with our tenants and residents in all of our decision making processes, including (but not limited to):

- Consultation regarding changes to, or introduction of, services
- Procurement decisions
- Customer analysis of complaints and customer satisfaction in order to gain insight into how the services can be improved
- Setting and agreement of service targets
- Determining funding priorities
- Determining how any savings should be re-invested
- Three yearly review of this VfM strategy

We will also regularly report on progress against this VfM strategy and subsequent action plans using a new VfM web page on the NWLDC website and In Touch, our resident led magazine.

Benchmarking – Through our ongoing commitment to Benchmarking we will monitor the cost and impact of delivering services within Repairs, Planned Investment and Housing Management. Weak or lower quartile performance compared to our peer group will be monitored and improved through the development of action plans monitored by the VfM Champion Group and SMT. Benchmarking results will help shape the Team Business Plans and priorities for the short and medium term.

Opportunities to learn from and work collaboratively with our peer group will be exploited to highlight changes in how the service might be delivered which in turn might lead to improved costs and/or performance. This might include visits by team managers and team leaders to operators within the top quartile to understand their approach and how appropriate this might be for NWLDC.

Improving services – continual improvement will be a priority for NWLDC. Challenging what we do, the way we do it, is key to improving services. Service reviews, commissioned by the VfM Group will address the following issues:

- Challenging why or how we provide a function or service
- Full and open consultation with users
- Competitive review (i.e. can others deliver a service more cheaply and to a better standard?)
- Comparison of performance or approach with others.
- Highlighting potential areas for joint working with other housing providers
- Identification of areas for improvement

All reviews will seek to balance quality and cost considerations with the three Es – economy, efficiency and effectiveness. The corporate service review kit will support team managers in reviewing and improving their services. It can be used to inform a holistic approach to VfM, or to shape thinking and activity at specific stages of the VfM review and improvement

Any service improvements identified, of a significant scale, will normally require a business case to be developed and a project team to deliver. The business case will set out the current business position, the drivers for change, proposed investment and benefits (financial and qualitative), risks and mitigations together with milestones for delivery which will be monitored by the VfM Champion Group

The group will conduct an independent review at each milestone, before the next phase of investment is approved. This is to provide assurance on:

- Spend and programme delivery status to date
- Benefits realised so far through a post investment appraisal
- Risks and issues arisen so far and mitigation
- Change management and projected programme outcome.

The proposed activities of the VfM Champion Group will be detailed in the Housing Team Business Plan. Elected Member scrutiny of the groups' activities, arising service improvements and benefits realised will be achieved through the standard performance report presented to Cabinet at the end of each quarter

Planning for the future – We will put VfM at the heart of all future planning. The VfM Champion Group will consist of officers from each team within the Housing Service supported by an involved resident and chaired by the Finance Systems Team Leader. This group will be responsible for the integration of the VfM strategy with operational service delivery. The Housing VfM Champion Group's proposed terms of reference are:

- Provide leadership throughout the service on VfM issues
- Implement the strategy whilst promoting actions to further embed it in the culture of the organisation
- Monitor and publish VfM outcomes to residents and stakeholders
- Create, review and deliver a detailed action plan to deliver year on year efficiency savings
- Scrutinise areas of spending and challenge current practices
- Promote benchmarking
- Identify efficiency drivers
- Review the action plan in light of new business objectives, changes in economic and legislative environment and departmental savings targets
- Monitor the financial value of compensation payments arising from complaints
- Monitor complaint levels and trends and work with the HRA Business Support team to implement learnings identified

Strong financial stewardship – As one of our council values describes VfM is about 'spending our money wisely' and not necessarily about spending less. To make sure this is managed and monitored we will continue to:

- Hold monthly Finance Clinics to monitor budgets and financial performance with all Team Managers. This provides independent challenge to Team Managers and delivers both scrutiny and accountability
- Hold Team Managers to account through SMT who in turn are answerable to Corporate Leadership Team for all spend
- Ensure that the HRA Budget timetable fully aligns with the corporate budget setting programme and that full tenant consultation is undertaken alongside internal review prior to budget setting being approved by Cabinet and Council
- Supporting the Tenant Scrutiny Panel by providing useful financial information to assist with their inspections in areas such as Decent Homes Programme and Rent Collection.
- Work closely with our tenants on sharing and reviewing financial performance via the Performance and Finance Working Group
- Utilise the Internal Audit function in reviewing and identifying any areas of weakness in our controls and procedures
- Align the HRA Business Plan with the Treasury Forecast Model as well as the Medium Term Financial Strategy

7. Measuring our success

Our success will be demonstrated by staff and tenants working together to deliver highly performing cost effective services which result in increasing levels of tenant satisfaction with the Housing Service

It will also be measured by delivering year on year savings which to date have been:

2008/09 = £56,210

2009/10 = £1,060,535

2010/11 = £1,176,975

2011/12 = £1,543,630

2012/13 = £417,949

2013/14 = £413,930

2014/15 = £59,866

Savings outlined above have resulted from:

- Improved procurement channels including the purchasing of housing repairs materials via a framework agreement
- Challenging previously accepted ways of working
- Delivery of more cost efficient repairs diagnostic tool
- Review of energy bills and subscriptions to organisations
- Direct procurement of surveys

Governance - The VfM Champion Group will monitor the delivery of the VfM Strategy. There will be quarterly reporting to SMT on current progress against the strategy and action plans, as well as to the Performance & Finance Working Group

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