

Report for Information

Report to Executive
24 March 2010

Report of Head Of Neighbourhood and Strategic Housing

Subject Neighbourhood housing value for money strategy

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Purpose

To inform the Executive of the neighbourhood housing value for money strategy.

Recommendations

To note the neighbourhood housing value for money strategy.

Financial Consequences

The actions will be met from within existing budgets

Risk Assessment

The Council must demonstrate continuous improvement in its delivery of the 3E's (Economy, Efficiency and Effectiveness). The implementation of this strategy will enable neighbourhood housing to deliver proven value for money services and meet one of the key aims of the housing improvement plan.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities"

Executive Member: Councillor Arthur - Housing and Adult Services

Ward: All wards

Contact Officers

Paul Sutton

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Background Documents

Report

Introduction

1. One of the key themes of the housing improvement plan is value for money, with a need to “agree a robust value for money strategy for landlord services in consultation with tenants and stakeholders with clear priorities for the future.”
2. A housing services VFM strategy has been devised with the aid of Housing Quality Network. A tenants’ panel (focus group) has been consulted on the summary of the housing VFM strategy and the outcomes will be fed into future value for money work in year 2 of the housing improvement plan.
3. The strategy has been circulated to all relevant managers and is aligned to the corporate Value For Money (VFM) strategy and has an associated procurement strategy and plan.
4. The final part of the implementation of the housing VFM strategy is for it to be endorsed by Executive.

What is value for money?

5. VFM, as defined by the Audit Commission, is “an optimum balance between economy, efficiency and effectiveness - relatively low costs, high productivity and successful outcomes”. It is not just about saving money. VFM is about making sure resources are used in the best possible way. The housing VFM strategy will serve as a catalyst for embedding VFM within the housing service from the corporate plan to front line staff and will be an important tool along with the business plan, asset plan and procurement strategy to continually improve services.
6. The aim of neighbourhood housing VFM Strategy is:
 - To ensure a sustainable financial future for the neighbourhood housing service while delivering excellent services to tenants and leaseholders.
 - To understand our costs, how they relate to our performance and how we compare to others.
 - To promote a VFM culture within neighbourhood housing services.

The housing VFM strategy will be delivered by

- The development of a housing VFM action plan which will contain key objectives. (see appendix 1)
- The introduction of housing VFM impact reviews - these will compare the cost against the outcome of activities such as tenant participation events
- The scrutiny of the housing VFM action plan through regular budget meetings, which report to corporate management team.

- A programme of work stream reviews as identified from exceptions reports on key performance indicators at housing management team. E.g. the recent void review project which has successfully driven down voids turnaround from 60+ days to 35 days per month over 6 months
- A review of Neighbourhood & strategic housing staff structures to meet the demands of the Housing improvement programme, statutory duties and the corporate plan
- Carrying out a comprehensive benchmarking exercise to with 30 comparable organisations over a range activities throughout the service such as rent collection and repairs and maintenance costs and performance. NB The service has supplied full 08/09 data on staffing and activity costs to Housemark, a benchmarking organisation.
- Applying the Procurement strategy and plan. The HRA procurement strategy, in conjunction with the corporate procurement strategy and contract standing orders, provides us with the framework for buying goods, works and services. This will enable us to measure VFM through our procurement practice.

7. Improvements that have been achieved as a result of applying the VFM principles

- A better deal for tenants and leaseholders through the reletting of the Repairs contract.
- External funding for the families unit. (Approximately £300,000 in 08/09.)
- Savings through joint purchasing with RSLs (registered social landlords) on goods and services e.g. decoration vouchers and tenants training.
- A revised business plan for Norwich community alarm service, generating more income to maintain and develop the service.
- The Choice based lettings scheme, Home options where we have shared costs for IT, administration and management of the scheme.
- Improved performance on void turnaround
- Encouraged recycling through the introduction of communal waste collection, delivering efficiency and economy plus an environmental impact, by helping the council achieve recycling targets.
- Improved asset management planning, enabling the council make informed decisions on the long term viability of the housing stock.
- Implementing a garage stock review – to ensure we maximise our assets e.g. unviable garages being sold /rents for private out of town tenants being increased to comparable market rents for garages.
- Review the leasehold management fee to ensure an effective, efficient management service that is self funding through the management fees.
- Review the charges for district heating, sheltered housing and premises management to ensure an efficient, effective service that is self funding through service charges. NB The charging methodology will be reviewed with stakeholders in the first half of 2010 /11.

Tenants & leaseholders involvement

7. Tenant and leaseholder involvement is key to demonstrating VFM. In the coming months work will take place with tenant and leaseholder representatives to:
 - Include VFM as part of performance monitoring
 - Review the results of Housemark benchmarking.
 - Review procurement programme progress
 - Review outcomes of tenant inspection.
 - Monitor the HRA budget.
 - Build on involvement in contract relet and further develop the budget and rent setting process rent setting following the successful events in January 2010.

8. Embedding VFM within the organisational culture is also crucial. In addition to making staff aware of the strategy, VFM will be embedded in team objectives and an agenda item for all team meetings. We have provided information including corporate guidance, strategies and bulletins on the intranet. Work will also continue with corporate departments to secure support, share knowledge and agree common VFM targets and activity. We will also develop a training programme for staff on VFM.

Monitoring

9. The VFM action plan will be regularly reviewed at housing management team meeting, as part of performance review, and with tenants and leaseholders as specified in the communications plan. There are VFM indicators included in the new performance framework and this in conjunction with regular reviews of budget, contractor spend, procurement and other performance monitoring will ensure VFM awareness and compliance throughout the service.

Conclusion

10. Members are asked to note the above, recognising the foundations laid in the past year and the work to be done in the coming year.

Appendix 1

Value For Money Action Plan 2009/2011

	SMART objective	Comment	Outcome- Organisational and resident	Measurement of outcome	Lead Officer	Target date for implementation	Resource/ Support required	Impact	Difficulty
1.	Establish a robust housing VFM strategy in consultation with tenants and stakeholders with clear priorities for the future	Approved by focus group Nov 09	Provide clear statement of VFM intent.	Evidence of VFM activity throughout service. Actual VFM improvements	Paul Sutton	Formal adoption Feb / Mar 10	Clear support throughout Council	H	M
2.	Complete VFM KLOE review	Part of Housing Improvement plan work	Create specific action plans for each part of service.	Level of understanding of VFM objectives by all managers.	All Managers	Mar 2009. (Review with managers complete, awaits challenge session.	Work being assisted by KLOE HIP work-stream	H	M
3.	Clarification and assignment of VFM roles corporately, senior managers, managers, staff and residents	Training commenced through managers briefings / procurement chapter for managers handbook.	Clear understanding of VFM objectives by all managers.	Evidence of VFM awareness / activity throughout service. Actual VFM improvements	Head of service / Anton Bull	Ongoing	Corporate lead and training on VFM issues	H	L

Key :TBA=To be agreed

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4.	Develop a communication plan to promote embedding of VFM in staff and team objectives (– ensuring staff understand their role,) and wider stakeholders.	Identify champions – Should this be everybody or specific individuals – Consider. Include VFM issues in 10/11 service plan and team plan	Effective plan in place	Evidence of VFM awareness / activity throughout service	Paul Sutton /Communications	Ongoing	Communications / CPU / Managers	H	L
5.	Regular progress updates to demonstrate VFM outcomes are being delivered.	Complete NI 179 return and six monthly update and Work to break this down further into individual service areas.	Staff and tenants well informed about VFM issues	Understanding of VFM issues resulting in challenge and support to VFM processes.	Paul Sutton / Finance / CPU	Ongoing- First bulletin circulated to staff / tenant reps Feb 10. for feedback. 2nd bulletin for wider circulation June 10	Paul Sutton / Finance / CPU	M	L

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6.	Progress VFM targets for cashable gains and ongoing measurement of VFM across all services	N179 targets set and reflected in 3 % budget savings required from all managers in 09/10.	Greater awareness of VFM and freeing of resources to reinvest in services or stock.	Achievement of targets.	Mark Smith	Complete	Finance/ manager monitoring	H	M
7.	Utilisation of benchmarking for cost and performance improvement. Develop benchmarking action plan.	Bench marking action plan complete. Housemark feedback available for 08/09. Training for managers to be held in Mar 10.	Comparison of cost v service delivered v satisfaction with other organisations.	Tenant leaseholder satisfaction that agreed service level is provided at what they consider value for money cost.	Paul Sutton	Ongoing	Finance Performance Managers Tenant / leaseholder reps	H	H
8.	Produce a HRA procurement action plan based on medium term spending requirements and engage contractors	See plan.	Clear plan to enable good planning of tendering and consultation requirements.	Contracts providing value for money services.	Paul Sutton / All Managers	Complete – ongoing update required.	Managers CPU Tenant / leaseholder reps	H	M

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	and suppliers to ensure market capacity and capability								
9.	Carry out review of internal recharges to HRA from other services / general fund. (What do we get for what we pay for?)	HRA subsidy review will include core activity definition reviews which will inform this exercise	The HRA will relate to permissible activities.	Transparent accounting between HRA and general fund	Mark Smith	2010	Finance	H	H
10.	Ensure VFM strategy is fully fed into contract relet process	VFM formed a key part of contract relet process.	Contracts delivering VFM.	Value for money targets within contracts are met	Chris Rayner	Complete		H	M
11.	Complete and deliver our Asset Management Strategy, including our approach to sustainable future investment. Develop asset management plans to include	Rolling asset management plan in place. Disposal matrix and decommissioning policy in place.	Robust management of housing stock	A well managed cost effective housing stock.	Chris Rayner	Complete – ongoing update required.	Housing Property Services / Strategic Housing / Finance	H	M

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	identification of resource hungry stock								
12.	Complete review service charges for tenants and leaseholders, including "unpooling" existing charges where appropriate	Charges for premises management , sheltered housing and district heating reviewed to insure full recovery. Methodology to be reviewed in 2010/11.	A robust and fair charging policy ensuring full recovery of appropriate costs	Maximisation of income potential	Mark Smith / Shaun Flaxman	Complete methodology review in 2010 / 11.	Finance Rents Team Home Ownership Tenant reps	H	H
13.	Implement NCAS business Plan	Plan being implemented and charges and business opportunities reviewed as part of the developing marketing strategy.	Maximisation of income and business opportunities.	Maximisation of income potential	Nigel Andrews	Ongoing	Finance Communications	M	M
14.	Carry out a review of sheltered housing, both the	Service review to be carried out, looking at	Service that will be fit for purpose and	A well managed sheltered	Nigel Andrews	Review should be completed	Finance Strategic Housing	H	H

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	service and its assets and agree a strategy for its sustainable future development.	staff resources, assets, tenant dependency profile and synergy with NCAS and the county's older peoples accommodation strategy.	able to meet the challenges of both national and local policy guidance in caring for older people in the community.	housing service that is able to meet the needs of older people, which is cost effective and robust partnerships with social care, health and the voluntary sector.		by October 2010/11, subject to outcome of unitary government .	Tenant reps Norfolk Supporting People. Housing Property Services. Communicati ons		
15.	Carry out a cost/benefit analysis of collecting water rates on behalf of Anglian Water	Activity on hold	TBA	TBA	Paul Sutton	TBA	TBA	L	H
16.	Carry out further work to investigate the potential to offer tenant incentives and their impact on performance including:	Work to be specified.	TBA	TBA	Paul Sutton / Andy Bays	2010/11	TBA	M	L

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	<ul style="list-style-type: none"> • Review incentives on rent payment by direct debit • Review tenant incentive scheme • Consider a gas servicing incentive 								

Key :TBA=To be agreed