

Exeter City Council

Housing Services

Value for Money Strategy

2010 - 2013

1. Introduction

This document sets out our strategy for ensuring the Council's Housing Services achieve, and can demonstrate, good Value for Money (VFM) across the full range of services we provide. The document will highlight the initiatives we currently undertake together with future plans to improve this area of our work and link them together to ensure that a co-ordinated approach is taken to achieve future objectives and improvements.

The Strategy covers a three-year period and will be reviewed annually.

2. Purpose of the Strategy

The purpose of this strategy is to ensure we understand the costs of our services (and reduce them where possible), improve performance and service delivery and increase customer satisfaction. It will set out the process for working with staff, members, residents and other customers to implement a quality framework system that will seek to embed a value for money culture within our structures and improve outcomes for our customers.

3. Aims of the Strategy

Exeter City Council is committed to the principles of VFM and believes that driving efficiencies while improving quality is the best way to deliver a better, more cost effective and more responsive service. The aims of this strategy are:

- To provide good quality, high performance and appropriate services at the right cost
- To improve our knowledge and understanding of customers' needs and how they can be met in the most efficient and effective ways
- To reinvest efficiency gains for the benefit of our residents and customers
- To ensure the organisation's priorities are reflected in objectives which meet the principles of best value and have been influenced by residents
- To promote a culture of continuous improvement in our staff in all areas of service delivery for the benefit of our customers
- To benchmark against other service providers, locally, regionally and nationally
- To undertake reviews of our service provision and develop action plans that will lead to improved performance and efficiency
- To optimise income and maximise efficiencies in order to be cost effective
- To train and develop staff so that the achievement of VFM is seen as an integral part of their work.

4. Defining Value for Money

Value for money can be defined in a number of ways. However, the Audit Commission believes there are three components of VFM, known as the three 'E's'. These are:

- **Economy**
- **Efficiency**
- **Effectiveness**

Economy is the price paid for what goes into providing a service,

- for example, the cost per hour for staffing; the price per repair job, the cost of providing accommodation etc

Efficiency is a measure of productivity – how much you get out in relation to what is put in.

- for example, the efficiency of services such as rent and arrears collection may be measured by the cost of the service compared to the total rent collected. Similarly, tenant participation costs may be expressed as an annual sum per tenant.

Efficiency is primarily associated with the process of delivery and procurement.

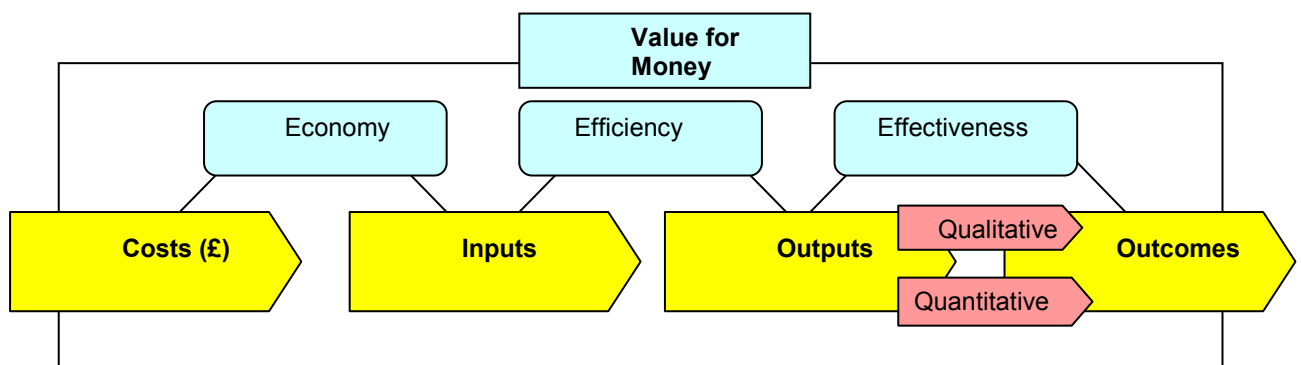
Effectiveness is a measure of the impact achieved and can be quantitative or qualitative – or both.

- for example, satisfaction levels among residents with tenant participation arrangements (qualitative)
- Number of affordable homes delivered (quantitative)
- Decent Homes standards achieved in our properties (quantitative and qualitative)

Effectiveness is primarily associated with performance and the outcomes for customers.

Therefore **VFM** is high when there is an optimum balance between all three – relatively low costs, high productivity and successful outcomes.

The diagram below shows how the three 'E's' link together to help services to demonstrate value for money:



5. Achieving Efficiencies

The use of a Value for Money framework, developed specifically for Housing will assist the service to understand where and how efficiencies can be made. This can be demonstrated by the service:

Doing more for the same – i.e. providing a better service, producing more items for the same cost or input

Doing the same for less - maintaining the same level of service for reduced cost or inputs

Concentrating on the things that matter – focusing on the delivery of priority services

Encouraging the best use of time – making staff more aware of the time they spend delivering services and the need to question their time management

Implementing any such framework must have the over-riding objective of improving the quality of the service, increasing customer satisfaction and improving performance.

Efficiency savings are not about cutting services to customers or increasing charges to provide the same service.

6. Regulation

The Council is subject to a range of regulations and standards it must achieve. These are monitored, assessed and inspected in the following ways:

National Indicators

National Indicator 179, one of the indicators in the National Indicator Set, is the mechanism through which councils report their progress on achieving value for money gains in the Comprehensive Spending Review 2007. It replaces the Annual Efficiency Statement (AES) in use for the CSR04 period. The definition of NI179 is:

The total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 Financial Year

The key elements of the value for money indicator are its focus on:

- Net gains – efficiencies should be reported net of investment and ongoing costs required for their implementation;
- Ongoing gains – if an efficiency is not sustained in full or in part, then the value of the indicator must be reduced accordingly;
- Cash-releasing gains – only those efficiencies that reduce the level of resource required to achieve the same or better outputs, allowing resources to be redeployed, should be recorded; and
- Gains since the start of 2008/09 – valid gains may be the result of actions taken before April 2008, but only where they impact on a council's expenditure for the first time after 31 March 2008.

Comprehensive Area Assessment:

This process, overseen by the Audit Commission, has two main elements. The 'organisational assessment' examines how the Council uses its resources. Of particular relevance is KLOE

1.2, which enquires if the council has "a sound understanding of its costs and performance and achieves efficiencies in its activities." The 'area assessment' involves a range of inspection bodies assessing how common themes and priorities are achieved through partnership working.

Housing Inspection

The Housing Inspectorate sits within the Audit Commission. Their purpose is to undertake inspections of housing services and assess them against a range of Key Lines of Enquiry documents that set out their expectation for the service. Following inspections organisations receive detailed reports of their findings together with any recommendations for improvement.

One of the cross-cutting themes for all housing services within the inspection regime is Value for Money. The Audit Commission have a separate Key Lines of Enquiry document for this area – KLOE 32 – and this is seen as one of the key aspects of any inspection.

Scrutiny Committees

The Council's committee structure includes a number of 'scrutiny committee's' that oversee the work of the Executive and receive reports from officers asking for their comments. This includes financial and performance information, progress against action plans and proposed new policies.

7. Key Lines of Enquiry – KLOE 32

Within this KLOE document the inspectorate are asking two fundamental questions:

1. How do the organisation's costs and outcomes compare to others, allowing for local context, performance and policy choices?
2. How is value for money managed, including through partnership and procurement and taking a long term view?

During an inspection the Audit Commission will be looking for the following:

- You understand your own costs and the value that you provide for customers
- You critically appraise what you do and how you do it – in the context of a clear understanding of what customers want and need
- You have challenged yourselves by comparing to what others do and how they do it – learning from best practice and responding to evident issues of cost and quality
- You have a clear approach to determining the value for money of what you do or what you procure and
- The Council has set clear priorities for outcomes and services to deliver them - expenditure/investment plans reflect and support these

Clearly, to ensure we meet these expectations there is a need to embed value for money principles in all our strategy and policy documents and the in how the service is delivered operationally.

The Housing Service has a range of strategies, policies, service plans and procedure documents that link to these principles and we have a good track record of achievement.

New policies have been implemented over recent years that assist our aim of providing good value for money services and this can be demonstrated in a number of ways. Tenants and Leaseholders recognise this achievement and our overall value for money rating in the 2008 STATUS survey was 84%, with 50% being 'very satisfied'.

However, we recognise that achieving the Audit Commission's expectations on value for money is a challenge to the service and an area that needs improvement in the coming years. Therefore this strategy aims to put in place the systems required to meet the highest expectations of the KLOE 32 document.

8. Achieving Value for Money

To demonstrate the Housing Service is providing good value for money for our customers we are committed to undertaking a range of key tasks across the service. These are set out below. They are not intended to be exhaustive, and new tasks will arise in the future that will need to be added. The strategy highlights the key tasks under each of the three 'E's'.

Economy

Economy is about the cost of providing the service. To demonstrate value for money the cost of providing the service needs to be reasonable when compared to the outputs and outcomes of the service. The service can achieve this through:

Corporate Sustainable Procurement and Commissioning Strategy: This strategy seeks to ensure that throughout its procurement and commissioning activities the Council obtains optimum value for money within a framework that supports the principles of sustainable development. The strategy seeks to provide a clear focus on balancing two main priorities:

- Identifying and delivering efficiencies, but not at the cost of quality, and
- Developing and embracing socially responsible and sustainable procurement and commissioning.

The Council has a good track record in achieving real value for money when procuring goods and services for the Housing Unit (e.g. kitchens, bathrooms and heating systems) and the savings made have been recycled into expanded works programmes for the benefit of our tenants and leaseholders.

Procurement Clubs: The Council is a member of the 'Procurement for Housing' organisation and has procured a range of goods through this method. We are also an affiliate member of the Northern Housing Consortium.

Benchmarking: The Housing Unit is a member of Housemark and uses a range of their services to compare cost and performance information against others. We currently subscribe to CORE Landlord Services, PI Tracking, STATUS, Anti-Social Behaviour, Homelessness, and Resident Involvement. We will also seek to benchmark estate management services as monitoring of costs and performance in this area is developed over the coming year.

The Council are also seeking to use the Housing Quality Network 'Value for Money' toolkit for strategic housing services to help us gain a greater understanding of value for money and performance issues across these services.

Annual HRA Business Plan Review: The Council undertakes an annual review of its housing revenue account business plan following receipt of the HRA Subsidy Determination. This helps to build our revenue and capital budgets before submitting them to members.

Asset Management Strategy: As with the HRA Business Plan the level of finances available to effectively manage the Council's housing assets is reviewed each year. The strategy contains a number of actions that will ensure we better plan and prioritise our resources and maintain our housing stock in a decent and sustainable condition.

Annual Budget Cycle: Throughout the year housing budgets are monitored and reviewed by managers on a regular basis. There is also a formal 'stewardship' cycle that takes place every quarter which seeks to reconcile budgets and predict the year end out-turn. These stewardship accounts are presented to members to enable proper scrutiny of finances across all services.

Activity Based Costing: Activity based costing is a new 'bottom up' approach to calculating the cost of local authority services. Starting with the end product, ABC highlights the activities that are required to deliver the service and then calculates the resources that are used by those activities. The cost of these resources is then totalled to estimate the total cost of providing the service. Housing Services already understands many of the cost elements that make up the total cost of the service to our customers. For example, activity based costs form part of the Housemark benchmarking data so that organisations can be compared accurately. However, further work is required to ensure we understand all costs that contribute to the service and that this information is used to identify further efficiencies.

Efficiency

Efficiency is a measurement of 'productivity'. It looks at the outputs of the service compared to its inputs. The effectiveness of a service is a subjective judgement. Although benchmarking information will help to establish where the service sits within the sector, local decisions on service standards will also influence productivity levels. Efficiency will be measured through:

Service Reviews: The annual Housing Service improvement plan contains a methodology that all major service reviews must follow. The methodology gives guidance on the membership of the group and the process the review should follow. All reviews must be fully scoped prior to them commencing and signed off by the Housing Management Team.

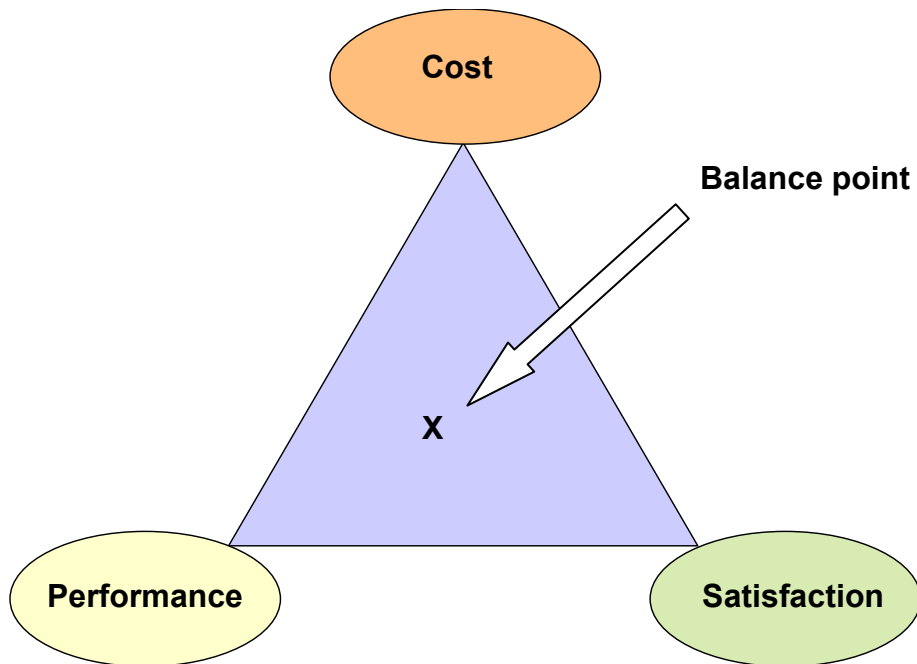
Reviews will ensure resident views are taken into account, costs of the services are fully understood, benchmarking takes place using the tools available and value for money can be demonstrated or achieved through any changes that are recommended.

Service Improvement Plan: The Housing Service produces an annual plan that includes actions for service improvement based on a range of information from the previous year. This includes performance information, satisfaction levels from our customers, internal audit reports and any external validation (mock inspections, Resident Auditor team reports, peer reviews etc) that has occurred throughout the year. The plan also highlights when strategies and policies need to be reviewed. The plan is consulted widely with staff, members and residents and helps to ensure continuous improvement of services.

Benchmarking: Benchmarking tools help us to understand our costs and overall performance when compared to others in the sector. However, all organisations are different and their

individual policy choices or service standards may influence their actual costs and service outcomes. To really understand costs and performance, and embrace good practice where it occurs, we will seek to work with those organisations that perform better than ourselves, or whose services demonstrate better value for money, to ensure we fully understand what changes we can make in order to improve overall value for money for our customers.

Quality Triangle: The Housing Service has developed a mechanism for demonstrating the 'quality' of the services we provide. We believe this can be done by measuring the cost of the service, how it performs and the level of resident satisfaction with that service. The diagram below shows this as a triangle, with each element placed at its points.



The balance between these three elements will depend on a number of factors, including the finances available and staff capacity to deliver. However, locally this balance should be decided by undertaking full consultation with staff, members and residents who will all have a view on what the local standard should achieve. Therefore, the 'balance point' could be moved towards one factor or another depending on local choices for that service.

The Housing Service intends to undertake this consultation across a range of its services to determine where the local standard should be set. We believe this links well with the 'cross domain' regulation model advocated by the Tenant Services Authority. It will enable local standards to be determined using real information that seeks to meet customer expectations.

An example of this process being used in reality is how we assess our voids performance and void standard:

The Council knows the average cost of preparing each void property for letting when applying our local 'habitable and lettable' standard. We know the average number of days it takes to turn around a void property. We also have detailed satisfaction data from new tenants' on the standard of the property when they first moved in.

Moving the balance point within the triangle will depend on the local decisions we make. Changing any of these factors will have implications for the other factors. So for example, reducing the lettable standard to help reduce costs may help to improve performance but could have a negative impact on tenant satisfaction. Conversely, to increase satisfaction may require additional resources at the time the property is void which may impact on overall performance and cost.

These sorts of decisions can only be taken locally using customer information and opinion, together with benchmarking data from other landlords. Impact assessments can be undertaken periodically to assess how changes to local standards have affected each of these factors.

Effectiveness

Effectiveness is a measure of the impact of the service. Measures can be qualitative or quantitative. Each is a measurement of performance and outcomes for our customers. The effectiveness of the service will be measured in the following way:

Performance Review: The Housing Service has a published performance management framework that seeks to ensure all staff, members and residents are aware of how we are performing and what areas require improvement.

A major part of this framework is the quarterly Performance Digest. This document contains a wide range of performance, cost and satisfaction data from across the whole Housing Service. Data shows current trends, compares performance with previous years and includes benchmarking data where available. The document is distributed to all housing staff and Council members and is made generally available on the Council's website. Most importantly, the document is reported each quarter to the Housing Performance Review Committee (PRC). This committee consists of residents nominated from the Tenants' and Leaseholders Committee together with and the Portfolio Holder for Housing and the Chair of Scrutiny – Community. Each service manager attends the committee to present their service's performance data and answer any questions from the committee. The committee also reviews the Housing Service improvement plan and sets targets for the forthcoming year.

It is intended that work undertaken more widely on agreeing quality standards (using the quality triangle) will also be reported to the PRC for final agreement.

Satisfaction: The Housing Service will continue to use a wide range of satisfaction surveys and focus groups to capture overall opinion of the services provided. Results will be fed back through the Performance Digest to help assess overall quality of services. Results will also influence service reviews and service improvement plans.

Work will continue to look at new and innovative ways of improving customer feedback (text messaging, incentive schemes, for example) and to increase the response rate to surveys etc.

Real Time Team: The 'real time team' is a panel of residents who have agreed to feedback information about the services they use. Every time they use a service 'for real' (e.g. report a repair, report fly-tipping etc) they complete a feedback questionnaire highlighting their experiences and overall satisfaction. These questionnaires are analysed by the Resident Auditor Team (see below) and the findings fed back to officers. The results will influence service improvements and help to reduce the incidents of poor service in the future.

Resident Auditor Team (RATs): The RAT's are a group of residents who work with an external consultant to test various housing services for quality, compliance with the Audit Commission's KLOE documents and their overall value for money. A programme is agreed with the team in advance and each project is scoped before it commences. The team undertakes the work independently of the Council and analyses any data they collect. During each review they can interview staff, request documents and undertake surveys of residents. The team produce reports in a similar format to those provided by the Audit Commission and make recommendations for change, as appropriate. Reports are considered by the Housing Management Team and formal feedback given on the actions we intend to take.

Benchmarking: Benchmarking tools will also give the Council a chance to measure satisfaction levels and outputs against others. This information, when looked at in terms of overall cost and inputs will provide invaluable information on the level of value for money provided.

9 Embedding Value for Money

The Council recognises the need to embed a value for money culture across the Housing Service in the coming years and recognises that this must be part of everyday processes and procedures that staff use in order to be effective. To achieve this the following actions will be taken:

Value for Money 'Champions'

The Housing Service established in the autumn of 2008 an internal Service Improvement Board that consists of front line staff from across all sections of the service. The Board plays a major part in reviewing strategies, policies and procedures and makes recommendations for change as appropriate. The Board have also worked on developing this VFM strategy.

It is intended that each member of the Service Improvement Board (SIB) will become a Value for Money Champion. The purpose of this role is to work with each of their own teams, both in regular team meetings and during operational duties, to identify where:

- savings can be made,
- processes can be streamlined
- performance can be improved
- satisfaction can be raised

All suggestions and ideas will be fed back to the SIB for them to consider as a team. Those that are seen as viable or practical will be formally sent to the Housing Management Team for consideration. Whilst each suggestion may require further investigation it is possible that many will have a positive impact on value for money and these will be implemented and recorded on the VFM log (see below).

It is important that each implemented suggestion is reviewed within a reasonable time period to assess its impact and the overall savings and/or increase in performance it has made.

Value for Money log

The Housing Service will establish a central **Value for Money** log that will require staff, regardless of their role, to input all efficiency and quality gains that have been achieved through

the various initiatives and service reviews. This will enable staff to see the impact they have made in cost and efficiency terms as well as the outcomes of their actions on residents and customers.

Value for Money Statements

All future strategy, policy or service reviews will contain a 'Value for Money' section demonstrating how this has been achieved and/or how improvements will be made in the future. Where changes to policies are recommended full impact assessments should be undertaken within 12 months of their implementation to check that the savings/improvements predicted have been achieved.

Staff Training

As part of rolling out this strategy training will be given to all staff so they understand the principles of value for money and how they can contribute to demonstrating and achieving it.

Service and Policy Reviews

Staff and residents play a vital part in service reviews. Using the service review methodology staff will better understand the cost of the service, how we compare with other organisations and what changes we can make to improve overall value for money.

Resident Involvement

Residents will continue to play a major part in helping us to achieve value for money. This will be done through a range of structures including:

- Tenant and Leaseholder Committee
- Sheltered Housing Forum
- Performance Review Committee
- Service and Policy Reviews
- Resident Auditor Team
- Real Time Team
- Satisfaction Surveys
- Neighbourhood meetings and inspections
- Training programmes

Most importantly residents will play an increasing role in agreeing local service standards using the quality triangle set out in section 8.

Communication

Improving the level of information to staff, members, residents and our wider stakeholders will increase understanding of our services, their cost, quality and performance. Improved information gives all stakeholders a chance to scrutinise and challenge our services and consequently drive up the quality of the services provided.

Improved communication includes the creation of new housing performance pages on the Council's website, the Annual Report and increased information in the residents' magazine, Insight.

Value for Money Strategy - Action Plan

	Action	Who	Target Date	Progress
1	Using Service Improvement Board members, establish a network of Value for Money 'champions' for each team within the Housing Unit.	HOH	July 2010	
2	Implement a formal procedure for identifying ideas and making suggestions through the VFM Champions including formal feedback from the Housing Management Team.	HOH	August 2010	
3	Undertake specific training for the VFM Champions to ensure they fully understand their role and actively promote value for money discussions at team level	HOH	September 2010	
4	Create a central Value for Money log for housing to record all efficiency and quality gains implemented, including any savings made as a result	PPM	September 2010	
5	Ensure all new strategy and policy documents include a Value for Money statement setting out how this will be achieved and evidenced	HOH	From April 2010	
6	Using the proposed 'quality triangle' model, start to test value for money on individual services and setting local standards with staff, members and residents	HOH	From June 2010	
7	Implement a programme of training on Value for Money to ensure all staff understand the principles involved and seek to improve value for money across the service they deliver	PPM	From September 2010	

8	Continue to ensure full staff and resident involvement in service and policy reviews including testing value for money and benchmarking services against others	HOH	On-going	
9	Create a housing performance page on the Council's web site and ensure it contains up-to-date performance information from across the service	PPM	June 2010	
10	Seek to improve value for money reporting through existing channels – staff meetings, City News, Insight etc	HOH	On-going	
11	Continue to subscribe and upload data to the Housemark benchmarking site and use the data to identify areas for improvement	PPM	Annually	
12	Use the HQN Value for Money toolkit to assess strategic housing services.	PPM	Annually	
13	Create an annual Service Improvement Plan within the corporate framework using information from the previous year	HOH	Annually	
14	Look at measures that can be implemented to improve customer feedback on services including satisfaction surveys etc.	HOH	March 2011	