

Report to Resources Committee

3 May 2016



Title: Value for Money Strategy
Report of: Head of Corporate Services

Purpose of Report

1. To make a recommendation to the Board to approve the updated Value for Money (VFM) Strategy 2016-2020.

Background

2. The previous VFM Strategy was scrutinised by Resources Committee on 24 February 2015. Some minor changes were requested and made.
3. The Strategy was also presented to and approved by Board on 19 March 2015.
4. The revised VFM Strategy has been developed with the Value for Money and Environmental Management Service Improvement Group (SIG).

Summary

5. The VFM Strategy is attached at Appendix 1.
6. The Strategy has been produced to detail how VFM is defined and how this links into the regulatory framework as set out by the Homes and Communities Agency (HCA) and the Company.
7. The Strategy details the company's approach to meeting VFM and how that is embedded in the company's culture. Finance and performance are key elements of ensuring that we deliver VFM services to customers.
8. The Strategy details the work carried out by the SIG, as well as examples of how the organisation secures VFM through working practices and how employees are encouraged to consider VFM within their daily roles.
9. The Strategy includes a Policy Statement (Appendix 2) which sets out how the housing company is committed to the VFM principles. There is also an information sheet about some of the improvements that have been made in the previous financial year.
10. The VFM Strategy will be formatted for publication following any amendments and approval by the Committee and Board.

Link to values

11. This links to the following Housing Company values:

- Customer focused
- Open and honest
- Accountable
- Innovative

Impact on tenants

12. A culture of providing services which are VFM will indirectly impact upon our customers as efficiencies will be maximised and redirected to priority areas.

Risk Management Implications

13. This strategy will form a key part in ensuring that the strategic risk within the business plan (insufficient available financial resources) is effectively controlled.

Financial Implications

14. There are no financial implications arising from this report.

Equality and Diversity Implications

15. There are no equality and diversity implications arising from this report.

Value for Money Implications

16. The Strategy will continue to embed the culture of efficiency and VFM, to enable the best use of resources in delivering services to our customers.

Health Implications

17. There are no health implications arising from this report.

Environmental Implications

18. There are no environmental implications arising from this report.

Consultation carried out

19. Consultation on the proposed VFM Strategy has been carried out with the SIG and they have provided challenge on the Strategy proposed.

Recommendation

20. The committee is asked to recommend to the Board approval of the updated VFM Strategy.

Value for Money Strategy

Welcome

At The Gateshead Housing Company (TGHC) we are committed to providing high-quality services, especially those that offer best value, to our customers.

The company has developed a revised Value for Money (VFM) strategy. The strategy will underpin the company's values and ensure that housing services provided in Gateshead are efficient, effective and economical.

Our approach to VFM is based on working with customers, colleagues and partners to challenge how we deliver services, how we can improve them and how we can achieve the best possible price for services and goods procured.

The Homes and Communities Agency framework for social housing has a specific VFM standard. While ALMOs are not regulated through this standard, we consider the standard to provide best practice. The standard states that organisations should articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting their organisation's objectives.

The Housing Company's approach to achieving this standard and producing this strategy has been developed with customers and sets out our aims.

Paul Foy
Board Chair
(Pic)

Jon Mallen-Beadle
Managing Director
(Pic)

Introduction

TGHC is an arms-length management organisation (ALMO) working with Gateshead Council to deliver services to tenants and leaseholders who reside in Council properties within the borough.

Since the Housing Company was created in 2004 we have aimed to provide quality housing services that are economical, efficient and effective to all our customers.

Our vision

To provide quality homes and customer-focused services in Gateshead.

Our mission statement

To be successful in the provision of quality homes and customer-focused services we must work effectively in partnership and invest in our employees.

Our values

To be:

- Fair
- Customer focused
- Open and honest
- Accountable
- Inclusive, valuing diversity
- Innovative
- Passionate about what we do.

Value for Money Policy

Our commitment to economy, efficiency and effectiveness

The Housing Company provides and supports services to local communities in the Borough of Gateshead. A large part of our service is delivered on our behalf by partner organisations and we recognise the importance of these organisations in helping us to achieve VFM.

Our objectives detailed in the VFM Policy Statement (Appendix 2) include:

- The promotion of VFM principles
- Encourage our employees and customers to be economically aware
- Creation, maintenance and promotion of economic, efficient and effective purchasing principles in our business activities and for the benefit of our customers
- Minimising waste from our business operations
- Extending efficiency principles to our Repairs and Maintenance partners and in any new development
- Seeking effective opportunities to improve the condition of our housing stock and their immediate surroundings.

The Homes and Communities Agency

The Homes and Communities Agency (HCA) became the social housing regulator in April 2012. The HCA's role was identified within the Localism Act 2011, and the Secretary of State directed specific standards for it.

The HCA produced 'The regulatory framework for social housing in England'. Under this framework the regulator has distinct roles in relation to economic and consumer regulations. Economic regulation applies to private registered-housing providers in isolation and is a proactive form of regulation. Consumer regulation is a more reactive form of regulation and is applicable to all registered housing providers.

Economic standards are:

- Value for Money
- Governance and Financial viability
- Rent.

Consumer standards are:

- Tenant Involvement and Empowerment
- Home
- Tenancy
- Neighbourhood and Community

The VFM standard stipulates:

“Registered housing providers shall articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting their organisation’s objectives. Their Boards must maintain a robust assessment of the performance of all their assets and resources (including financial, social and environment returns). This will take into account the interests of and commitments to stakeholders, and be available to them in a way that is transparent and accessible. This means managing their resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering ongoing improvements in VFM.”

Registered providers shall:

- Have 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 costs of its decisions
- Understand the return on its assets, and have a strategy for optimising the future return on assets – including rigorous appraisal for all potential options for improving value for money, including the potential benefits in alternative delivery models – measured against the organisation’s purpose and objectives
- Have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

A Registered Providers Board 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 VFM in delivering their purpose and objectives.

The assessment shall:

- Enable stakeholders to understand the return on assets measured against the organisation’s objectives
- Set out the absolute and comparative costs of delivering specific services
- Evidence the value-for-money gains that have been and will be made and how these have and will be realised over time.

While the VFM Standard will not be regulated by the HCA, as TGHC are not a Registered Provider, the principles underlying the standard are considered best practice by TGHC. By aiming to meet these principles, TGHC is able to demonstrate to customers that the organisation is committed to providing services which are VFM.

How we aim to meet HCA standards

The Housing Company aims to meet HCA standards by providing quality homes and customer-focused services in Gateshead.

With help from our customers, we have developed service standards for the range of services we provide. Our service standards are measured using monitoring systems and satisfaction surveys. Performance results are reported to Service Improvement Groups, Management Team, Board, Committees, Gateshead Council and customers via our website and customer newsletters.

Public Service (Social Value) Act 2012

This act is better known as the Social Value Act and was implemented on 31 January 2013. The Act requires all public commissioning bodies to consider how the services they commission, procure and deliver improve the economic, social and environmental well-being of the local area when the value of the services are greater than European procurement thresholds.

As part of the Act, housing service providers must endeavour to measure the Social Return On Investment (SROI) whether it be social, economic or environmental.

Social considerations might include the contribution to a vibrant community and achieving community-based actions, equalities, diversity, inclusion and cohesion. It also looks at local relationships, partnerships and people from seldom-heard groups.

Economic considerations can include contributions to the local economy, including retaining, re-circulating and leveraging funds in a local area. It also takes into consideration the wider contribution to skills and tackling worklessness.

Environmental considerations can include improving the local environment.

Whilst the Act applies to services, it does not apply to contracts purchasing works or goods, although it does apply to services where an element of works or goods are procured alongside services.

A key point to consider is that housing providers will be under greater pressure in the future to achieve SROI and this performance will come under further scrutiny from regulators, partners and the Housing Company's scrutiny panel, TALISMAN. Social Value must be recognised as a notion that must be met.

As part of the future needs of the strategy and the TGHC Five-year Strategic Plan we will work towards identifying elements of social value from the services we deliver and procure. We will implement ways to raise awareness with customers, employees and develop methods to measure and report on this.

Examples of how the Housing Company have currently secured Social Value are included in Appendix 3.

TGHC Five-Year Strategic Plan

As detailed in our Vision and Mission statements, TGHC is committed to providing quality homes and delivering customer-focused services in Gateshead.

We aim to do this by working with Gateshead Council and stakeholders to ensure the services we provide have a positive effect for our customers and the wider Gateshead community.

Gateshead has a Sustainable Community Strategy – Vision 2030. This document details the borough’s challenges for the future and aims up to 2030 and the Housing Revenue Account (HRA) Business Plan contributes to the aims of the Vision.

The TGHC Five-Year Strategic Plan sets out a wider role for the Housing Company, supporting community and neighbourhood regeneration, assisting in the delivery of Gateshead Council’s plan, Housing Strategy and HRA plan. There are four objectives in the five-year plan:

- Investing in our employees and developing new and innovative ways of working to deliver this plan
- Supporting tenants and sustaining tenancies and neighbourhoods
- Partnership working with Gateshead Council and others to support the delivery of quality homes and customer-focused services
- Protecting HRA income and investment made in the stock

As part of the objective to ‘Protect the Housing Revenue Account and investment made in the stock’ it is our aim to review the Value for Money Strategy. It was identified that the Housing Company needed to further develop its approach to achieving VFM and an action plan to achieve this is attached at Appendix 4.

What is VFM?

Attaining VFM means obtaining the maximum benefit from goods and services acquired and provided within available resources. It involves **efficiency**, **effectiveness** and **economy**.

- **Efficiency** – is a measure of productivity. How much you get out in relation to what you put in - doing things right. An example of ‘doing things right’ is ensuring that repairs are completed right first time. This ensures that the service we provide to customers demonstrates **efficient** use of resource. It is also **effective** as the repair has been requested and recorded correctly on the Northgate system and **economical** as repeat visits to the property are not required.
- **Effectiveness** – is the measure of the impact achieved by obtaining VFM and to what extent objectives have been met - doing the right things. An example of ‘doing the right things’ can be measured by customer surveys asking ‘Are you satisfied with the service you received?’. High satisfaction is an indicator that we are providing a service that is **effective** and meets the needs and aspirations of the customer.

- **Economy** – price paid for what goes into providing a service at best value, taking both price and quality into account - doing things at the right price. An example of ‘doing things at the right price’ might include changing how we work. Training has been provided for multi-storey caretakers to routinely test fire alarms. This will result in annual savings of £40,000. This demonstrates an excellent **economic** saving against budget.

VFM is embedded in the culture of the Housing Company and is a key objective in the five-year strategic plan.

Many external drivers have supported the company’s philosophy to achieve VFM:

- Best Value – introduced in 1999 to ensure the delivery of quality services at the best price
- Byatt Review – published in 2001, this set out key recommendations to align procurement and best value
- Gershon Report – published in 2004, this focused on releasing resources to frontline services by implementing robust procurement practices and supporting the efficiency agenda.
- Introduction of the HCA Standard in 2012
- Spending review and 2015 Autumn Statement

It is more important than ever to ensure we secure VFM in our everyday working practices, and with the introduction of the Localism Act 2011, there is a new focus particularly within the housing sector.

TGHC is funded by Gateshead Council to manage the housing stock in Gateshead. The overall management fee is made up of two elements:

- Management and Supervision fee (approximately 40.7%)
- Repairs and Maintenance fee (approximately 59.3%)

The management fee is currently our main source of income.

Securing additional resources will be increasingly important during the coming years as budgets will become tighter. We must endeavour to manage effectively the aspirations of our customers and ensure the future investment needs of the housing stock are met.

The Housing Company will develop further approaches in consulting with employees, customers and partners to ensure VFM is maintained and further embedded as part of the culture of the organisation.

Embedding VFM within the culture of the Housing Company

TGHC has a strong commitment to VFM which is reflected in the five-year strategic plan. There is a strong culture of ‘do the right thing’ and ‘do things right’ which helps ensure that the services we deliver to customers are efficient, effective and economical.

VFM is a key driver in all of the services we deliver to customers and is an area that is constantly monitored by the Board and Committees. VFM implications are included in all Board and Committee reports, ensuring that all services consider VFM in the decisions they take.

The Board and Committees challenge officers of TGHC on the principles of VFM, ensuring that this is considered in the decisions taken by senior officers on behalf of members and customers and in the day-to-day work of the Housing Company.

Annual management fee discussions with Gateshead Council agree the annual savings target and any additional management fee required for the forthcoming year. For 2016/17 an efficiency target of £1,000,000 has been agreed for the management and supervision fee with a target of £853,000 for the repairs and maintenance fee. Additional management fee in relation to growth or change areas has been agreed at £265,000 for the management and supervision fee and £203,000 for the repairs and maintenance fee. An agreement to make a further £1,000,000 saving on the management and supervision fee for 2017/18 has also been agreed.

Benchmarking

The Housing Company are members of the HouseMark benchmarking group, which helps social housing landlords compare the costs of service delivery, resources and key Performance Indicators and Service Standards across all areas of the business.

HouseMark conduct an annual benchmarking exercise to analyse all areas of the business. This is used to identify high performing, low cost organisations from which best practice and learning can be obtained.

Using the HouseMark results, TGHC have the ability to target those areas that are low performance and high cost and make the appropriate improvements to achieve VFM.

Services are expected to use benchmarking information to reduce costs, improve performance, learn from best practice, change procedures and processes to achieve or enhance methods of working, and reduce unnecessary expenditure where appropriate.

The Value for Money and Environmental Management Service Improvement Group (SIG), which is made up of tenants and leaseholders, was established to work with TGHC to secure VFM in the housing services provided.

As part of the SIG work plan, the group requested that Service Managers attend meetings to explain how VFM is being achieved in their service. The SIG have received presentations in relation to the following service areas:

- Cyclical Maintenance
- Customer Involvement
- Investment and Asset
- Sheltered Housing
- Support Services including Human Resources, Training, Administration and Communications
- Housing Management

Presentations have been informative and well received by the SIG. Group members are keen to promote the need to benchmark services and achieve VFM. Managers have provided performance information and how Cost per Property (CPP) has increased or decreased when comparing the current and previous financial year.

The SIG acknowledge that some high performance attracts high cost however they are keen to continue to promote reducing costs in these areas, where possible.

TGHC will continue to benchmark with other housing providers to identify potential improvements and assess where enhancements in service delivery and customer satisfaction can be achieved, and how costs can be reduced in relation to our peers.

A comparison of benchmarking results between 2013/14 and 2014/15 is included at Appendix 5.

Performance

TGHC regularly measures the Performance Indicators and Service Standards which are included in the five-year strategic plan.

As part of the Board Away Day on 24 October 2014, it was agreed that 2015/16 Performance Indicators and Service Standards would be linked to the TGHC Five-year Strategic Plan and would be scrutinised by the relevant Committee, with a summarised report being brought to Board.

In March 2015, the Board were presented with and approved a structure of which Performance Indicators and Service Standards should be reported to each individual Committee.

In 17 September 2015, the Board approved the proposed rationalisation of Performance Indicators and Service Standards and the revised reporting structure to Board and Committees.

Committees receive performance reports quarterly and will escalate any concerns to the Board for further discussion.

SIG's, which consist of tenants and leaseholders, scrutinise Performance Indicators and Service Standards on a regular basis, allowing customers to share their opinions of performance to service managers and allow for further service improvements.

Targets

Performance targets are set annually by service managers and, where possible, consulted on with SIG's before they are approved by the Board. Targets set are required to be challenging, meet SMART objectives and are developed using HouseMark top quartile benchmarking results.

Performance reports are produced each month, detailing the performance position at the end of the previous financial year, the target being aimed for in the current financial year, current performance results, the trend when compared to the previous reporting period and if the target has been met.

Service Managers have the ability to add commentary to the performance report. This gives an opportunity to share how the performance result was achieved. Where performance has increased or reduced, service managers can explain why and how we will work to maintain or improve this in the future.

Performance Indicators and Service Standard results are shared with customers via our customer newspaper and during SIG meetings.

At the end of each quarter the housing company's website is updated with current performance results that are most relevant to customers – such as repairs, rent collection, anti-social behaviour and home improvements.

A quarterly performance report for all of our indicators, showing how all services are performing, is also displayed on the website.

Budgets

Budgets are set using a zero-based budget approach, which means each year they are developed from 'zero' and are not influenced by how much has or has not been spent in the previous year.

Budgets are built up using the staffing structures and discussions are held with budget holders to determine budgetary requirements.

Efficiency savings as well as customer priorities are highlighted and reflected in the budgets. We produce monthly management accounts which enable budget holders to manage spend, ensuring that they remain within budget. The monthly management accounts are also reported to Gateshead Council and any issues discussed at a monthly joint finance meeting. We also produce quarterly management reports for Resources Committee, the TGHC Board and Gateshead Council, which allows for further scrutiny of the Housing Company's financial management.

Annual financial statements are produced which are externally audited to ensure that they meet all requirements. Monitoring of financial statements and management accounts allows for appropriate control that ensures efficiencies are maximised, allocated and redirected where appropriate to ensure a high level of customer service is delivered.

Procurement

Effective procurement (or obtaining goods or services at the right price) helps TGHC achieve its aims and objectives by delivering high-quality services which meet the current and future needs of our customers and are based on VFM principles.

TGHC encourages competition and welcomes bids from new and established suppliers. Contracts are awarded in terms of 'VFM' and, while the Housing Company cannot discriminate in favour of locality, we are committed to supporting and encouraging local businesses to compete for contracts.

TGHC does not award tenders for goods or services based solely on the lowest tender received in terms of price. There is a commitment to procuring the best possible goods and services at the best prices and quality possible by applying the VFM methodology of efficiency, effectiveness and economy.

The Gateshead Housing Company Annual Report to Tenants and Leaseholders

A working group of tenants and leaseholders works with TGHC to develop the annual report. The report covers the services we provide, what we have achieved in the previous financial year and our plans for the future.

The report also explains how we spend the money we receive from tenants' rent and leaseholder service charges and how we perform against some of our key Performance Indicators and Service Standards.

The report is distributed to all customers and allows them to challenge our services and performance and make suggestions on how we could further improve.

VFM and Environmental Management Service Improvement Group

Established in 2008, the group has grown and developed to meet the changing needs of the organisation. The role of the volunteer group of tenants and leaseholders is to independently review services within the Housing Company. This allows independent scrutiny by our customers with detailed challenge around expenditure against budget (economy) and the efficiency and effectiveness of services via Performance Indicators and Service Standards.

In 2010, the company was awarded ISO14001, the international standard for environmental management. The award demonstrated that TGHC had a robust system for monitoring, managing and reducing its impact on the local environment. The SIG encompassed this role into their remit.

Following the Housing Company's move to Gateshead Civic Centre, the majority of the environmental elements were no longer under the control of the organisation, with utilities and waste disposal being organised by Gateshead Council. We have maintained control of stationery ordering and the monitoring of CO2 emissions and we continue to be committed to following the environmental management principles developed since 2010 and associated values.

The SIG meets every two months and its annual work plan sets out the work they will undertake during the year.

Group achievements include:

- Monitoring of the VFM Strategy
- Ensuring the Environmental Policy is being applied (Appendix 6)
- Scrutinising Performance Indicator and Service Standards and highlighting areas for development
- Endorsing Performance Indicator and Service Standard targets for the forthcoming financial year
- Reviewing and examining quarterly budget spend
- Receiving employee VFM suggestions
- Scrutinising and challenging the VFM section within The Gateshead Housing Company Annual Report to Tenants and Leaseholders
- Scrutinising the annual HouseMark benchmarking report
- Identifying the VFM SIG work plan suggestions for the forthcoming financial year
- Scrutinising and approving the VFM being achieved across the services

Tenant and Leaseholders Independent Scrutiny Management

The Tenant and Leaseholders Independent Scrutiny Management (TALISMAN) Panel is made up of tenants and leaseholders. Its role is to carry out independent scrutiny of the way The Gateshead Housing Company and Gateshead Council deliver housing services.

TALISMAN has a number of tools at its disposal, including:

- Position Statements
- Interviews with individual employees
- Focus groups of customers and/or employees
- Requesting 'mystery shopping' exercises
- Completing a 'Request for information' form
- Asking external advisers to provide information on specific subjects.

The panel aims to complete up to four scrutiny reviews of housing services in Gateshead each year. Scrutiny exercises that have taken place include:

- Anti-social behaviour (ASB)
- Rent and Income
- Void Services
- Customer Services

The scrutiny panel reviews concentrate on service excellence and the value for money principles of efficiency, effectiveness and economy. The panel also aims to ensure that Housing Company services meet the vision of being able to provide quality homes and customer-focused service in Gateshead.

TGHC Suggests

The Company has a VFM employee suggestion scheme, where suggestions to provide more efficient, effective and economical ways of working can be submitted.

The suggestions are reviewed by the relevant service manager to determine whether the suggestion can be implemented before being reviewed by the SIG.

The service managers and SIG must be convinced that the suggestion is likely to save money or create more efficient and/or effective ways of working before it is investigated or implemented.

To ensure that suggestions are appropriate and meet the "three Es" of efficiency, effectiveness and economy, in broad terms they must:

- Improve a process to increase productivity or improve quality of our services
- Add value by generating efficiencies, saving time, energy or reducing bureaucracy/costs
- Improve public relations, in particular with those customers who may be directly affected by our activities
- Improve the working environment.

Securing VFM

TGHC is committed to continuing to achieve VFM and this will be driven through the HCA standard and the annual SIG work plan.

Employees have a good understanding of the VFM principles of economy, efficiency and effectiveness. As previously mentioned the VFM principles are imbedded in the procurement and budget monitoring process.

Keys areas include:

- Continuing to encourage employees to apply the “three Es” of efficiency, effectiveness and economy in their working role
- Considering best practice within the housing sector, including the HCA standards
- Robust procurement of goods and services
- Service managers attending and presenting to the SIG how they have achieved VFM in their service and future saving plans
- Supporting the SIG
- Develop a process of self-assessments for each service area, to be completed on an annual cycle by Service Managers

The Housing Company VFM policy statement (Appendix 2) highlights the key drivers within the housing company.

VFM Champion

The SIG identified the requirement to have a VFM Champion within the organisation. The Champion needs to vigorously support the VFM principles and promote with customers, employees, Management Team, Board, Committees, partners and Gateshead Council.

It has been identified that the Head of Corporate Service should take on this role to achieve a seamless approach to securing VFM in the decisions made and the services delivered.

VFM Saving Achievements

The Housing Company has a strong commitment to VFM and a strong culture of ‘do the right thing’ and ‘do things right’ which helps ensure that the services we deliver to customers are **efficient, effective** and **economical**.

VFM must be a key driver in all the services we deliver to customers and is an area that is constantly monitored by the Board and Committees. VFM implications are included in all Board and Committee reports, ensuring that all services consider VFM in the decisions they take.

Every employee has a responsibility to spend appropriately from their service budget. When purchasing a product or service we always aim to secure the best price and quality possible in accordance with TGHC’s Contract Procedure Rules and Financial Regulations.

In developing savings proposals for 2016/17 all teams were encouraged to submit VFM suggestions that would provide a more efficient, effective and economical way to work and these are included in Appendix 7.

These suggestions were very helpful and informed the work that took place by the company between October 2015 and March 2016 to identify the £1m savings that need to be achieved in relation to the management and supervision fee in 2016/17.

As a result of increased employee knowledge and ownership of achieving VFM within services it has been recognised that VFM is being achieved throughout the organisation. Appendix 8 highlights some of the main examples of how we have achieved VFM in the current challenging environment.

2017/18 Future Savings

The Company will have to achieve a further £1million in savings for 2017/18. In order to achieve these savings, we will be reviewing how we need to deliver services across the Company. This will be carried out following consultation with all stakeholders including tenants, employees and partners.

The Company will also look to work in partnership with the Council to consolidate services that are currently carried out by both the Company and the Council to see where it is possible to work together more closely, to streamline service provision and to achieve the further efficiency savings.

Conclusion

VFM is evident throughout the organisation. Challenging efficiency and performance targets is imbedded within the organisation and the ongoing aim of all employees and customers.

Despite TGHC's success in achieving VFM, further improvements can always be made through operational and service improvement plans that feed into the TGHC Five-year Strategic Plan 2015-2020 and Gateshead Council's overall Housing Strategy.

Our aim for the life of the strategy is to continually achieve and progress towards ensuring the VFM principles of efficiency, effectiveness and economy in the housing services we provide and the services and goods we procure.

The Gateshead Housing Company Value for Money Policy Statement

Our commitment to economy, efficiency and effectiveness

The Gateshead Housing Company provides and supports services to local communities in the borough of Gateshead. We manage nearly 20,000 properties on behalf of Gateshead Council and Keelman Homes.

A large part of our service is delivered on our behalf by partner organisations and we recognise the importance of these organisations in helping us to achieve Value for Money (VFM).

Vision

To provide quality homes and customer-focused services in Gateshead.

We will do this by being accountable, innovative, open and honest.

Commitment

We are committed to promoting efficient and effective ways of working. Sustainable development is a cornerstone of our Five-year strategic plan 2015-2020 and we will actively seek to participate in the implementation of local initiatives.

Objectives

We have an established programme to review and monitor our expenditure and to enable us to scrutinise our initiatives. We have a Service Improvement Group made up of customers and officers. The role of this volunteer group of tenants and leaseholders is to independently review services within the Housing Company. This allows independent scrutiny by our customers with detailed challenge around expenditure against budget (economy) and the efficiency and effectiveness of services via Performance Indicators and Service Standards.

Our objectives include:

- The promotion of VFM principles
- Encourage employees and customers to be economically aware
- Creation, maintenance and promotion of economic, efficient and effective purchasing principles in our business activities and for the benefit of our customers
- Minimising waste from our business operations
- Extending efficiency principles to our Repairs and Maintenance partners and in any new development
- Seeking effective opportunities to improve the condition of our housing stock and their immediate surroundings.

Jon Mallen-Beadle
Managing Director

Social Value

Bill Quay Community Farm Association

Grant amount: £3,500 to develop a small mammal area for the education of the public.

Grant date: 15/10/2013

Number of beneficiaries: 40 directly, 1,000 indirectly

How the grant has made a difference:

- Research carried out suggested visitors wanted a wider range of small mammals and the farm is able to achieve one of its objectives in being able to 'educate the public about caring for animals'
- The small mammal area was created as result of this grant and has been one the farm's success stories
- The area has been filled with cages, tanks and other habitats for a range of animals which the farm has been able to purchase e.g. Degus, Chinchillas, Rabbits, Fancy Mice, Dumbo Rats, Harvest Mice, Guinea Pigs etc.
- Handling plus show and tell sessions allow visitors to ask questions before considering whether the animals are suitable for them
- The farm has 20 students taking part in formal education programmes from Gateshead, South Tyneside and other parts of Tyne and Wear. They have a chance to study for animal care qualifications, an option that was only previously available to learners able to travel to Northumberland or County Durham.
- There are many benefits to all of the farm's visitors, whether they study, visit or want to learn more about small mammals.

Environmental Social Value

Dunston Community Centre

Grant amount: £4,000 for replacement of intruder alarm system.

Grant date: 01/07/2014

Number of beneficiaries: 800-1000

How the grant has made a difference:

- Dunston Community Centre were having problems with an old intruder alarm system. The maintenance company had managed to carry out a repair but warned the Centre that the alarm was obsolete and the parts were no longer available
- This meant the centre would have to close as they were not be able to get insurance cover for an unprotected building
- Being able to replace the alarm system has guaranteed that the building can stay open and continue to provide the services, activities and facilities for young people, mums, older people and the wider community.

Economic Social Value

Winlaton Vulcans Rugby Football Club

Grant amount: £2,000 for Axwell View Fields maintenance

Number of beneficiaries: 100+

How the grant has made a difference:

- Rugby pitches were maintained for a number of years by Gateshead Council. The service was withdrawn and the rugby club needed to rely on volunteers to carry out the task
- Some equipment was purchased although more was required
- The grant enabled the club to purchase a container to store equipment in, additional tools, post protectors, flags, and to maintain and mark pitches
- As a result the facility is well maintain and has a 'professional' appearance and is appreciated by players, visiting teams, officials and spectators
- Purchasing tables allowed the club to provide refreshments on match days, hold BBQ events etc. which provides the opportunity to raise additional funding for the benefit of the players, club members and provide an ongoing, self-reliant source of income.

TGHC Five-Year Strategic Plan 2015 – 2020				
Objective 2 – Protecting Housing Revenue Account income and investment made in the stock				
Action – Review the Value For Money Strategy				
Actions	Assigned to	Progress	Target Date	Completed
Develop a self-assessment for each service area, to be completed on an annual cycle				
Consult with employees, customers and partners to ensure VFM is further embedded as part of the culture of the organisation				
Identify the added social value and implements ways to measure and report on this				
Link to our current available resources and align to the refreshed priorities for the business				
Link to the outcomes of the stock condition surveys and new asset-management strategy				
Benchmark with other providers to look at potential improvements and assess where we are in relation to our peers				

HouseMark Benchmarking 2013/14 – 2014/15

Housing Management

Housing management is a core landlord function and represents collecting rent and managing arrears, carrying out lettings, managing tenancies and anti-social behaviour cases, as well as enabling resident involvement.

This measure shows the total cost of the housing management service expressed as Cost Per Property (CPP) for General Needs & Housing for Older Persons.

CPP has reduced in 2014/15 to £332.39, from £333.06 in 2013/14, showing cost performance in the middle lower quartile.

Rent

TGHC CPP of £109.32 is slightly higher than the peer group average of £106.77. Investing in the service has been a priority for TGHC as it meets the challenging needs of Welfare Reform, Under Occupancy and Universal Credit which presents a real problem across Gateshead.

Rent collection has maintained a positive performance of 99.37% in 2014/15 when compared to 99.41% in the previous year. Former Tenant Rent Arrears performance is 1.68% which is the same as the peer group median. Rent Arrears performance at 2.47% is below the peer group median of 2.08%.

Lettings

TGHC CPP of £53.08 is the same as the peer group median.

Average days vacant increased from 41 days in 2013/14 to 74.14 in 2014/15. This was due to an increase in the levels of vacant properties linked to the reduction of Housing Benefit entitlement and the continuing impact of Welfare Reform.

Tenancy Management

TGHC CPP of £73.66 is the same as the peer group median.

Tenant satisfaction with the overall housing services provided has retained performance at 88.7% in 2013/14 and 2014/15.

Anti-Social Behaviour (ASB)

TGHC CPP of £65.55 is higher than the peer group median £51.72. However, the ASB resolution rate has increased from 87.94% in 2013/14 to 89.52% in 2014/15.

When comparing CPP it is highlighted that per 1,000 properties, TGHC have 88.62 of new cases reported when compared to 42.72 for our peer group and this is a contributing factor when reviewing the CPP of the service.

Positively, where a new case is recorded, TGHC have a lower Cost Per Case of £488.67 when compared to the peer group median of £813.61. This demonstrates that whilst ASB cases are increasing, TGHC are able to deliver the service cost effectively. We also have more employees delivering the service with 1.33 employees per 1,000 properties compared to 0.95 for our peer group median.

Resident Involvement

TGHC CPP of £30.78 is lower than the peer group median of £36.47. This service has consistently been delivered cost effectively over a number of benchmarking years.

Tenant satisfaction that their views are taken into account has also retained performance at 67.40% in 2013/14 and 2014/15.

Responsive Repairs and Void Works

Carrying out responsive repairs and void works is a core landlord function and is an important area for tenant and leaseholder satisfaction and VFM.

This measure shows the total CPP of responsive repairs and void works has reduced from £833.91 in 2013/14 to £806.34 in 2014/15. Costs are split into management (client side) costs and service provision (contractor side) costs, as outlined below.

Responsive Repairs

CPP for Repairs Management is £90.20 which is higher than the peer group median of £68.47. CPP for the Repairs service provision is £429.42 which is comparative with our peer group median of £427.85.

Cost per responsive repair has increased from £128.47 in 2013/14 to £133.95 in 2014/15. This increase of £5.49 compares to an average increase of £7.49 for our peer group.

The average number of days to complete a repair has decreased from 7.48 in 2013/14 to 6.8 in 2014/15. Performance has also increased for appointments made and kept, from 93.74% in 2013/14 to 96.99% in 2014/15. This is an above average increase for the peer group.

Void Works

CPP for Voids Management is £24.43 which is the same as the peer group median. CPP for Voids service provision is £262.29, which is higher than the peer group median of £219.32.

Rent loss due to voids as a % of rent due has also increased in 2014/15 to 2.51%, compared to 1.74% in 2013/14. This was due to an increase in the levels of vacant properties linked to the impact of reductions in tenant Housing Benefit entitlement and the continuing impact of Welfare Reform.

Major Works and Cyclical Maintenance

High costs in relation to Major Works and Cyclical Maintenance (Investment) are to be expected.

This measure shows the total CPP of Major Works and Cyclical Maintenance which has reduced from £1,247.38 in 2013/14 to £1,145.05 in 2014/15. This decrease of £102.32 compares to an average increase of £83.26 for our peer group. TGHC are in the first quartile when compared to our peer group. Costs can be split into management (client side) costs and service provision (contractor side) costs, see below.

Major Works

CPP for Major Works Management are £63.50 which is lower than the peer group median of £69.97. Costs for Major Works service provision is £849.42 which is again lower than that of peer group median of £1,366.24.

All stock remains decent with the Average SAP (Standard Assessment Procedure) rating increasing from 72.49 in 2013/14 to 73 in 2014/15.

Cyclical Maintenance

CPP for Cyclical Maintenance Management is £23.77 which is lower than the peer group median of £26.90. Costs for Cyclical Maintenance service provision are £208.35 which is again lower than the peer group median of £219.35.

The number of properties with a gas safety certificate has decreased from 99.86% in 2013/14 to 99.75% in 2014/15. Gaining access to properties continues to be a challenge for the Company and legal warrants have proved to be an effective (but costly and time-consuming) method of ensuring access and is only considered when all else fails. TGHC are working with Mears to improve the early reporting of hard to access homes in order to reduce the overdue properties and as a result the reliance on warrants. For those cases where warrants are deemed the only remaining option, we are currently reviewing both the process and arrangements for delegated power to ensure there is adequate resource available to support this activity.

Corporate Health

Employees are a key business asset and essential to achieving VFM.

The average number of days lost to sickness has increased from 8.64 in 2013/14 to 8.91 in 2014/15. This increase of 0.27 days compares to an average increase of 0.17 for our peer group.

Employee turnover has increased from 5.5% in 2013/14 to 6.3% in 2014/15. This increase of 0.8% compares to an average decrease of 2.3% for our peer group.

Employee satisfaction with your employer has increased from 63% in 2013/14 to 70% in 2014/15. There is insufficient data for the peer group median to establish a valid trend.

The Gateshead Housing Company Environmental Policy Statement

Our commitment to economy, efficiency and effectiveness

The Gateshead Housing Company provides and supports services to local communities in the borough of Gateshead. We manage nearly 20,000 properties on behalf of Gateshead Council and Keelman Homes.

We work with a number of partner organisations to deliver our service and we recognise the importance of these organisations in helping us to achieve environmental excellence.

Vision

To provide quality homes and customer-focused services in Gateshead.

This includes improving the lives of our residents in their communities by reducing our carbon footprint through the adoption of sustainable practices.

Commitment

We are committed to promoting sustainable development as a cornerstone of our business strategy and we will actively seek to participate in the implementation of local initiatives.

The company is committed to compliance with legislation, to pollution prevention and to the continual improvement of environmental performance throughout our operations, services and activities.

Objectives

We have established a programme to review and monitor our significant environmental effects. To enable us to reduce those impacts we have adopted a set of objectives that will provide the focus for improvement.

These objectives include:

- The promotion of sustainable principles in new development
- Minimising waste from our business operations
- Extending energy and water efficiency principles in our building design
- Seeking opportunities to improve our housing stock and immediate surroundings
- Promotion of sustainable transport policies among employees and customers
- Provision of energy saving, waste minimisation and water conservation advice to our customers
- Encouraging environmental awareness of our employees and customers
- Reduction of environmental risk arising from accidents and business activities
- Creation, maintenance and promotion of environmental purchasing principles in our business activities and for the benefit of our customers
- Promotion of improved environmental performance by contractors and suppliers.

Jon Mallen-Beadle
Managing Director

TGHC Proposed Savings**2016/17 Management Fee (£1m less from April 2016)**

Ref	Area	Comments	Amount	Impact on customers / stakeholders	FTE reduction by 31 March 2016
MS1	Pre-contract development work	Review the Asset and Investment Team.	£171k	No impact on customers. Impact on service provision/employees. Reductions linked to proposed capital programme budgets and priorities as well as the associated pre-contract development activity.	4.5
MS2	Lettings & Voids	Redesign of the Voids Team.	£28k	In line with current high performance on right first time increased responsibility on repairs partners to bring properties to lettable standard.	1
MS3	Former Tenant Arrears	Reduction in Former Tenant Officers.	£50k	Impact on collection of former tenant debt – recovery – collection rates likely to reduce	2
MS4	Repairs	Reduction in Repairs Management posts	£77k	Impact on customer service and repair service delivery.	2.5
MS5	Housing Management	Reduce the management of the ASB Service.	£48k	Frontline impact on the customer and service response times, including legal sanctions.	1.2
MS6	Housing Management	Reduction in Sheltered Housing Service management.	£17k	Impact on older, more vulnerable customers.	0.4
MS7	Housing Management	Relocate some Housing Teams and close two Housing Offices.	£238k	Relocate the teams currently providing housing services at Dunston and Felling Housing Offices and close these service points - subject to Councillor & Customer consultation	11.21
MS8	Corporate Services	Review ICT Service 1.25 FTE posts	£41k	Reduction in response times where there are system issues and increased downtime. Impact on frontline services, income collection, access to customer information and employees	1.25

Ref	Area	Comments	Amount	Impact on customers / stakeholders	FTE reduction by 31 March 2016
				productivity.	
MS9	Corporate Services	Review Performance Service 1 FTE post	£28k	Reduction in current level of performance and benchmarking information provided to customers, TGHC Boards and Committees and the Council. Impact on ability to ascertain and remedy poor performance.	1
MS10	Corporate Services	Review of Administrative tasks - reduction in Clerical Assistants. Link to review of clerical across whole of TGHC.	£40k	Impact on customers and stakeholders as specialist staff time will be diverted to administrative tasks.	2
MS11	Corporate Services	Deletion of Communications Manager post and review of Communications provision across TGHC	£42k	Less information will be provided to tenants & leaseholders.	1
MS12	All	Reduction of 15% to ICT/Legal Services/Corporate Services/Financial Services and Office Accommodation SLA's with the Council	£220k	Reduction in Council overhead recovery from TGHC	0
Total All Savings 2016/17			£1.0m		28.06

2016/17 Repairs Fee (£853k less from April 2016)

Ref	Area	Comments	Amount	Impact on customers / stakeholders
RM1	Repairs	Stop providing Tenant Improvement Loans (TILS)	£15k	Customers will no longer have access to loans from TGHC to carry out work they wish to undertake to improve their home.
RM2	Repairs	Stop repairing and renewing toilet seats and shower curtains	£20k	In line with a number of local landlords this will result in the provision and repair of toilet seats and shower curtains as being a tenant responsibility. TGHC will continue to provide the service where the renewal or repair is part of an adaptation and will ensure that tenancies commence with a seat that is in good condition (although this will not necessarily have been replaced).
RM3	Relets	End the provision of decoration vouchers to tenants when they move into a property	£156k	Tenants are responsible for the decoration of their own homes. The wholesale provision of decoration vouchers for new tenants moving into their home will end. Linked to the marketing strategy, work will still be undertaken on a void where it is needed to enable letting (£50k budget for 2016/17 to account for vouchers already allocated to tenants in 2015/16).
RM4	Gas Servicing	Review provision of gas servicing and CO detectors	£30k	This will involve a review of gas servicing and access procedures with Mears. To be completed by 30 September 2016. No impact on customers.
RM5	Painting Programme	Reduce painting programme by 15%	£225k	The painting programme cycle will be extended and a review of the painting specification undertaken. By way of example: 14/15 actual spend £600k 968 properties complete 15/16 budget £1.5m 2,930 properties planned and in progress 16/17 budget reduction 15% leaving £1.275m available for works to 2,200 properties and planned internal painting of some communal areas.

Ref	Area	Comments	Amount	Impact on customers / stakeholders
RM6	Cyclical Repairs	Reduce cyclical repairs servicing and remedial works budgets by 15%	£69k	Weekly fire alarm testing will be undertaken by the Sheltered Scheme Officers as part of their role. No impact on customers.
RM7	Environmental Works	End the provision of free pest control services for properties and gardens	£75k	End the principle of a fully HRA subsidised pest control service. Tenants will be required to request and pay for pest control services via the customer services unit. TGHC will continue to place orders for issues in communal areas, fumigation required in order to undertake works to a property, issues with woodworm (or similar wood boring, destructive insects) within a tenants property or communal areas, cockroaches and rats inside a property and birds/wasps nests that are causing blocked vents/blockages within the property.
RM8	Energy Performance Certificates	Review need and subsequent provision of energy performance certificates	£10k	No impact on customers. Reduced requirement identified as certificates in place increases.
RM9	Software Development	Remove the software development budget as BARIS has now gone live	£50k	No impact on customers. Reduced budget requirement.
RM10	Contingency	Reduce R&M contingency budget	£203k	Reduced flexibility in available budget for responsive repairs and relets, with works being held back, customer response times increased and potential budget overspend.
RM11	Electric Focal Point Fires	Following removal of a back boiler and gas fire work, no longer provide electric focal point fires as part of planned works or one off replacements.	Future R&M saving – need to implement in 16/17	Continue to repair existing focal point fires but change the current approach to always fitting a focal point electric fire following the removal of a back boiler and gas fire, during both one off and planned heating replacements. From 1/4/16 onwards, skim finish the living room wall, provide an electric point and retain the existing hearth. This would reduce the capital investment costs associated with back boiler replacement and reduce the ongoing need to repair electric focal point fires.
Total All Repairs Fee Savings 2016/17			£853k	

TGHC VFM Achievements**Anti-Social Behaviour Performance Update 2014/15**

- 170 security measures were completed for 118 victims of domestic abuse. The average cost per security repair was £113.96
- Security measures for victims who were personally targeted allowed vulnerable customers to remain in their homes. This alleviated subsequent costs which would have arisen if they had been rehoused and the provision of temporary accommodation was needed.

Outcome: VFM cost saving, effective & efficient service delivery

Management Accounts – Fourth Quarter 2014/15

- There have been 55,425 repair orders invoiced at the end of the fourth quarter and the average repair cost was £91.87. This compares to 61,628 invoiced repairs, at an average cost of £102.11 for the same period 2013/14.

Outcome: VFM Cost saving

Multi-Storey Team – Year End Update 2014/15

- Caretakers carry out a range of small repair tasks in the communal areas of multi-storey blocks. During 2014/15 they carried out a total of 1,734 repair tasks and the value of this work based on Schedule of Rate codes is £13,005. This compares with 1,707 repairs with a value of £12,513 in 2013/14
- Training was provided for multi-storey caretakers to enable them to conduct routine fire alarm testing. This resulted in annual savings of £40,000.
- Caretaker Supervisors change door codes for the multi storey blocks as required. This was previously carried out by an external contractor at a cost of £35 per change. Supervisors changed block codes twice during the above year which equated to a cost saving of £770 covering eleven multi storey blocks
- Value for Money is also a standard agenda item at the Multi-Storey SIG.

Outcome: VFM Cost saving, effective & efficient service delivery

Evaluation of Wrekenton Hub

- Since relocating from the Housing Office to the new Wrekenton Hub there has been a reduction in running costs of £6,700 over the nine month period since April 2015.

Outcome: VFM Cost saving

Cyclical Maintenance and Compliance – End of 3rd Quarter 2015/16

- Warranty Management - investigation of warrantied light fittings to 9 multi-storey blocks identified a 22% failure rate. This has resulted in an agreement with the manufacturer to fund labour and materials cost in relation to repairs required to warrantied fittings.
- This represents savings of £2,632

Outcome: VFM Cost saving, effective & efficient service delivery

Repair and Maintenance Contract – End of Third Quarter 2015/16

- The average time to let properties in the above period was 55.77 days. This was a reduction of 19.92 days compared to 75.69 days in quarter 3 2014/15.
- The pre-planning of external repair works issued to Construction Services has continued to minimise the number of repair variations while also improving the communication between the partners.

Outcome: VFM Effective & efficient service delivery

Grounds Maintenance Service Agreement 2015/16

- The Grounds Maintenance contract is funded by the Council's Housing Revenue Account. Construction Services confirmed the budget for 2015/16 of £1,480,000, will remain the same as the 2014/15 budget. In addition, the inspection of the play areas and minor maintenance associated with play items is included in this budget
- The charges for pest control services (£70 for insect and £70 for rodent control) remain the same as 2014/15 charges.

Outcome: VFM Cost saving, effective & efficient service delivery

Moving Forward Customer Training Programme Review

- 'How to manage your money', 'Social Media Made Simple' and 'Let's Get Digital' training courses have been delivered by Housing Company employees and have achieved cost savings by not appointing external training providers
- The average cost for external trainers is between £200-600 per day
- In 2015/16 there were 4 half a day courses delivered to customers by employees
- Courses are demand led depending on customer interest.

Outcome: VFM Cost saving

Housing and Mental Health Outreach Worker

- Gateshead Council appointed two Housing and Mental Health Outreach Workers
- The posts are part funded by the NHS and aim to address homelessness issues affecting persons with secondary mental health problems (e.g. psychosis and schizophrenia) or where persons require specialist support
- Engagement with Housing and Mental Health Outreach Workers and Mental Health Teams allows for a holistic approach and results in a positive impact on the wellbeing of vulnerable customers
- There are no cost implications for the Housing Company working with the above partners.

Outcome: VFM Cost saving, effective & efficient service delivery