



**Solihull**  
Community Housing  
Shaping our neighbourhoods

# Value for Money and Efficiency Strategy 2012

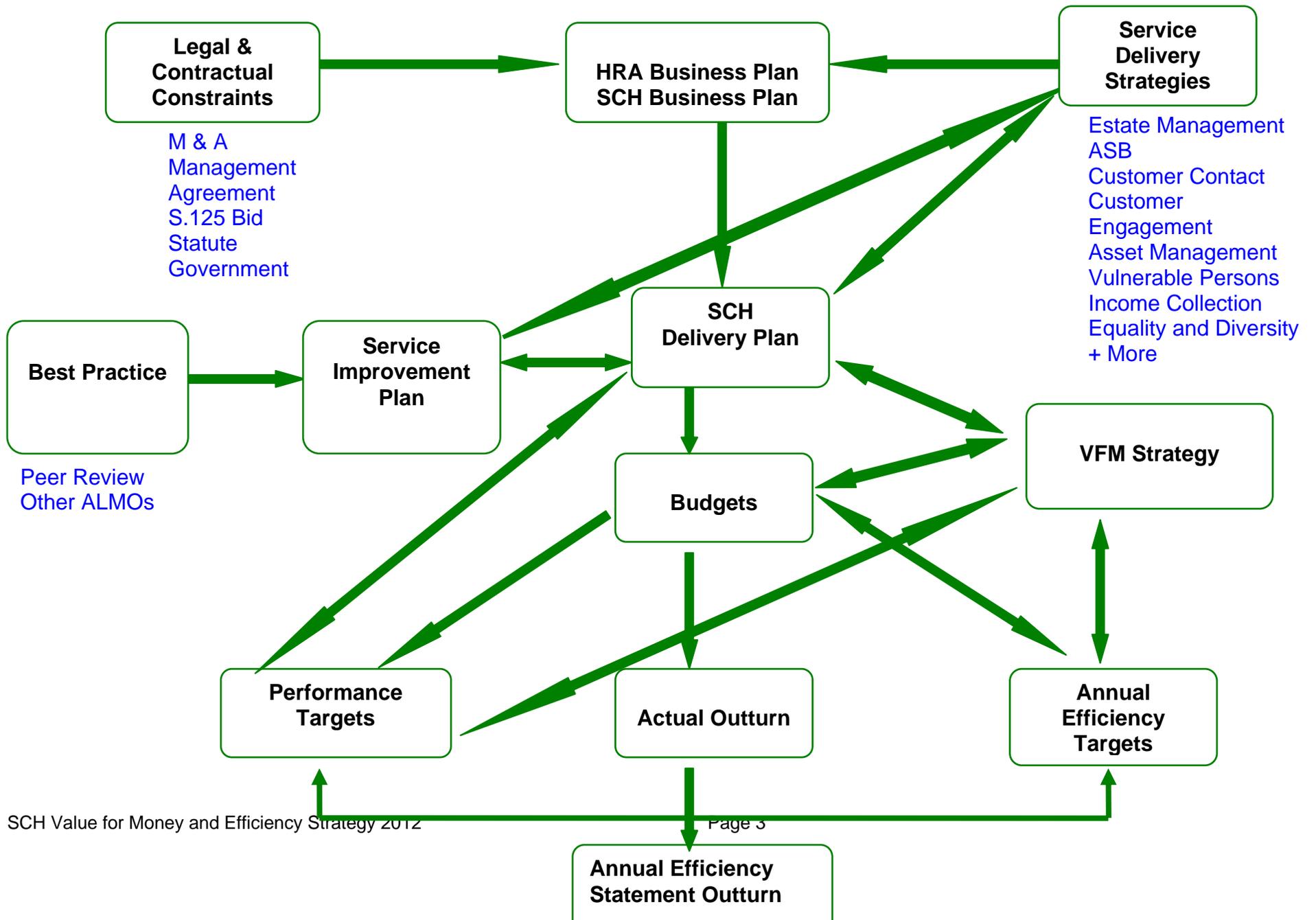
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## 1 Why have a strategy?

- 1.1 In 2011, SCH signed a new 10-year Management Agreement with the Council. This agreement includes provision for a review (and possible break) after 5 years. As well as generally assessing the performance of SCH in terms of service delivery over the period, the agreement includes 4 specific criteria against which our performance will be measured. The first of these is “SCH to identify and deliver cashable efficiency savings as agreed by the Company and the Council’s Director of Resources”. There is a view that this means that SCH must match the level of efficiency savings that the Council are making and plan to make going forward – regardless of the level of savings that SCH has already delivered and maintained since it came into being and regardless of the level of funding actually available within the HRA. This strategy aims to ensure that SCH delivers to the expectations of the Council in this area.
- 1.2 The introduction of HRA Self-Financing with effect from April 2012 and the end to Housing Subsidy means that control of the HRA has now broadly returned to local authorities. The new regime still has in-built constraints not least the new cap on HRA borrowing to fund works and the continuation of rent-restructuring to underpin rent-setting. Critically what still remains however is the need to operate a balanced Housing Revenue Account within the context of an agreed 30-year HRA Self-Financing Business Plan.
- 1.3 The SCH vision is “To put our customers first, be forward thinking and pursue opportunities for growth”. Given the current national climate of austerity and spending cuts, SCH will be expected to deliver that growth using existing resources in the first instance as far as possible. New activities should aim to generate an income stream that will make them self-financing in the longer term and hopefully contribute some funding back into the general pot for the delivery of core activities. In the short to medium term however, this also means operating as efficiently and effectively as we can.
- 1.4 The new 30-year HRA Business Plan is built on a new wide-ranging Asset Management strategy, which forecasts £576m of stock investment and growth expenditure over the next 30 years. The projected timing of expenditure against income within the HRA is not a smooth match particularly in the first 10 years and it is therefore essential that SCH controls revenue expenditure in order to create the surpluses which will enable delivery of the capital programme to be effective.
- 1.5 The pressures of ongoing regulation have eased with the demise of the Tenants Services Authority, but the need to continue to demonstrate an effective approach to value for money underpins the new approach of self-regulation.
- 1.6 SCH has a number of detailed strategies that drive the way that it delivers its services and works to achieve its objectives. These reflect in many cases the external environment in which SCH operates and have a strong influence on the way that the organisation works. However there are still three key common drivers - Value for Money, Customer Engagement and Equality & Diversity – that continue to underpin the way we deliver our services to tenants and leaseholders. The chart below demonstrates the linkages between the various plans and strategies that SCH has in place as well as some of the other external influences and shows the position of Value for Money within this network.



- 1.7 It is therefore essential that SCH has a strategy that continues to ensure that the organisation, and therefore it's tenants and leaseholders, obtain the maximum benefit for the goods and services that it purchases, delivers services in the most cost-effective manner and maximises the outputs from the resources that are available.

## 2 What is Value for Money and Efficiency?

- 2.1 Value for Money (“VfM”) is a long-standing concept within local government, which develops the relationship between cost (“economy”), efficiency and effectiveness – the 3 “Es”. In deciding whether something is value for money, an organisation should look at whether or not it is obtaining the maximum benefit for the goods and services that it acquires or provides within the resources that are available to that organisation. There is certainly not an assumption that cheapest is always best.
- 2.2 Efficiency is also a long-standing concept. It is a measure of productivity – considering how much you get out in relation to your inputs to an activity. In the public sector, efficiency took on a new meaning following the introduction of efficiency targets by the government and the requirement to measure efficiency savings and report them through the Annual Efficiency Statement. Although there are no longer national targets to report against, the discipline of setting targets and reporting performance against them is still one of the tools that SCH use to monitor our VfM performance
- 2.3 CLG guidelines define 4 ways of achieving efficiency and SCH uses each of them in some way in ensuring that the organisation delivers VfM:
  - E1 Reduce inputs for the same outputs – put in fewer resources to get the same result
  - E2 Reduce prices for the same outputs – pay less for inputs to get the same result
  - E3 Achieve more outputs or improved quality for the same inputs – get better results from the same resources
  - E4 Achieve proportionally more outputs or improved quality compared with the extra resources that are used
- 2.4 VfM (and efficiency) was one of the key cross-cutting Key Lines of Enquiry (KLOEs) considered by the Audit Commission as part of their inspection process. Following recent changes to the regulation of housing, there is no longer an inspection process and also no KLOEs. In developing this strategy, we have however given consideration to the Value for Money Standard issued by the Tenant Services Authority. The standard does not apply to ALMOs and Local Authority housing services, however the principles embedded within it are still applicable to SCH as we intend to remain a strong performer in this area.

### 3 Development of the strategy

- 3.1 This is the second formal VfM strategy that SCH has put in place – the first set out a clear plan to embed VfM across the organisation through the development of strong financial management and procurement processes that would underpin a culture of VfM that was well understood by staff and tenants alike. SCH’s approach was highly rated by the Audit Commission at our inspection in January 2008 and the strategy was cited as an example of best practice for others to follow. This strategy seeks to build on this strong base and take SCH forward again.
- 3.2 Good quality information is essential to the assessment of VfM – this includes performance benchmarking and financial planning and management. This information should ensure that SCH has a clear framework of information and monitoring to guide resource allocation, improvement plans and decision making over the life of the strategy. Section 4 outlines some of the ways in which SCH will gather that information and use it within the organisation to deliver VfM. It also sets out proposals for a 3-year programme of reviews that will cover all service areas – front-office and back-office – where consideration of VfM, service improvement and performance against our peers will be integrated to deliver a better whole.
- 3.3 The process through which SCH buys goods and services remains key to demonstrating VfM within the organisation and our approach to this is outlined in section 5.
- 3.4 SCH has worked hard to establish a culture throughout SCH that considers VfM and Efficiency at every stage and at all levels (including tenant representatives) of its activities. This aims to make a good VfM culture that is unconscious rather than “box ticking”. Once achieved, this can be difficult to maintain and section 6 sets out how we aim to do this.
- 3.5 SCH has always been proactive in seeking to improve the quality of its services and to develop new services that meet developing needs. Our new vision says that SCH will “...be forward thinking and pursue opportunities for growth”. Looking forward, SCH recognises the need to balance the way we will manage the impact the challenges of the current economic climate, delivering on the requirements of the Management Agreement as well as striving towards our own vision.
- 3.6 SCH continues to develop annual Service Improvement Plans (at a corporate and team level) as well as setting stretching performance targets when compared with others. In all of this, SCH is still driving to maximise the share of available resources that are directed towards the needs of our residents, whilst managing within its overall financial envelope.
- 3.7 Section 7 sets out our approach to monitoring the performance of services both new and existing to ensure that the principles of VfM and Efficiency are being achieved.
- 3.8 Based on this, Section 8 sets down some key VfM objectives for the new strategy – these are supported by some overarching areas for improvement in an Action Plan together with some targets that should lead us to deliver improved VfM.

## 4 Information

### 4.1 Background

4.1.1 There is generally believed to be a very strong link between the performance of an organisation and its cost base. This connection reflects how efficiently the organisation operates and how successfully it can demonstrate that it is delivering value for money.

4.1.2 The table below sets out some of the key parameters that impact on the services that SCH deliver and how these are changing:

	2010/11	2011/12 (forecast)	% change
Properties Managed – rented	10,348	10,184	(1.6%)
Properties managed – leaseholders and shared ownership	1,120	1,131	0.9%
Housing applications received in year	4,004	4,150	3.6%
Properties re-let in year	879	740	(15.8%)
Homeless cases dealt with in year (interviews)	1,672	1,640	(1.9%)
Tenants in arrears (more than 7 weeks) at year end	395 (3.8%)	422 (4.1%)	6.8%
Repairs ordered in year	52,253	51,000	(2.4%)
Calls received at contact centre in year	175,529	159,000	(9.4%)
Estate walkabouts carried out in year	1,505	1,423	(5.4%)
ASB incidents followed up in year (new cases)	1,932	2,100	8.7%

4.1.3 There is an expectation that in delivering efficiency savings and demonstrating value for money, service levels should either improve or at least remain at existing levels. The performance of SCH has been externally assessed since the last strategy was written in a number of areas and achieved:

- Audit Commission overall service rating January 2008 – 3\* with Excellent prospects
- Mock short notice inspection in May 2010 (covering VfM, customer access, Equalities, homelessness allocations and lettings, asbestos management, gas safety, income collection and void management)
- Gained and retained Customer Service Excellence for customer service 2009-2011
- Retained Customer Contact Accreditation 2007-2011

### 4.2 Benchmarking

4.2.1 SCH is a member of the Housemark benchmarking club along with most ALMOs and many other local authorities and RSLs. The club works on the principle that members share information regarding their financial and operational performance to enable comparisons to be made. High performing organisations can be identified at a detailed service level and the information used to inform reviews of performance and cost as well as structure and delivery.

- 4.2.2 Data in respect of performance both financial and operational is submitted annually for both budget and actual outturn in a standard form. The use of a standard format goes some way towards eliminating the impacts of different approaches to delivery and size of organisation in order to allow a meaningful comparison to take place – but it cannot eliminate every variable.
- 4.2.3 In addition to financial data, performance data is submitted on a quarterly basis, so that comparison can be made throughout the year. The information obtained from Housemark is incorporated into performance reporting at all levels including the board (and, looking forward, the new Tenant Performance Scrutiny Panel) and enables SCH to measure it's progress within the quartiles and help to judge the impact of process and structure changes.
- 4.2.4 Following the introduction of the new TSA standards, Housemark has revised the way in which it analyses and therefore presents data to better reflect these new standards; Tenant Involvement and Empowerment, Home, Tenancy and Neighbourhood and ASB.
- 4.2.5 Housemark provides each member with an annual tailored report, setting out comparisons with other members for all elements of the service, highlighting the best performers and SCH's relative position. The table below sets out SCH's performance compared with Metropolitan ALMOs only (these should be closest to SCH in terms of the challenges faced) for 2010/11 (actual outturn):

<b>Business Area</b>	<b>Cost Indicator</b>	<b>Quality Measures</b>	<b>Quality indicator</b>
Overhead (back office) cost % turnover (income)	Lower middle quartile	Overhead (back office) % revenue costs	Upper middle quartile
Capital works (spend per property)	Upper middle quartile	Decent Homes failure	Lower middle quartile
Responsive and voids (spend per property)	Bottom quartile	Average re-let time	Top quartile
		Completion of repairs on time	Top quartile
Housing management (cost per property)	Upper middle quartile	Current arrears % rent due	Bottom quartile

- 4.2.6 Over the years, the data submitted by Housemark members has created a substantial databank of very detailed and broadly comparable information that can be used when carrying out any form of service review. However the usual caveats need to apply that it is important to understand the context of the data – although SCH (and others) have made great strides to standardising the way data is presented and calculated there will always remain many areas where the answer is not as obvious as it seems.
- 4.2.7 All managers and budget holders have access to the national Housemark database and can obtain information comparing the performance of their service area with similar organisations. Managers will use this information to support their research into best practice, not least by using it to identify high-performing ALMOs as they carry out their own in-depth investigations and

comparisons of cost and performance. We will use the base data as a start point for the service reviews that are covered elsewhere in this strategy.

4.2.8 In addition to the data that comes from the Housemark benchmarking club, SCH uses a variety of other tools and information sources to develop an understanding of areas of weakness and best practice, whether in service delivery or in demonstrating value for money and efficiency in its activities. These include:

- Commissioned reviews facilitated by external consultants – LEAN reviews of the voids process, Day to Day repairs and Income Collection have been completed over the last 2-3 years
- Active membership of the National and Midlands ALMO groups including specialist groups such as finance, income management and repairs
- Informal use of the ALMO network to obtain details of practices in specific areas to inform decision making
- Visits to other ALMOs identified as high-performing to establish a clear picture of how they deliver the relevant service

4.2.9 SCH has agreed to work with a number of other ALMOs in the midlands under the auspices of former Audit Commission inspectors to deliver a programme of peer reviews over the next 3 years using a development of the KLOE approach to provide some of the real external challenge that is now missing. These reviews will not cover the whole service (as with the previous inspection regime); rather they will cover selected service areas. It is intended that some of the areas chosen will dovetail with the internal service review programme detailed below and some will cover areas of high risk to SCH (including income collection).

### **4.3 Service Review Programme**

4.3.1 The key element of the new VfM Strategy is a three-year programme of service reviews that will cover every aspect of SCH's activities – front-office and back-office. The reviews will be wide-ranging - the methodology that we have developed will ask some fundamental questions of all service areas as part of the review and we will expect these reviews to deliver another round of savings each year.

4.3.2 Appendix 1 to this strategy sets out an outline process that we will expect each review to broadly follow. The stages for each review will vary depending on the type of service and activity being carried out, although each review will seek to answer the following questions to some degree:

- *Challenge* – why are we doing what we are doing, is this the best way to do it – as part of this process, we will look at possible areas of collaboration
- *Benchmarking, best practice and cost* – how do others deliver the same service, how is our performance compared with others, what can we learn from others to be more efficient and effective, could we do it for less?
- *Process* - Are our processes as efficient as they could be – we will use lean methodology as part of this stage if it is appropriate

4.3.3 Each review will be led by the relevant service head, however it is essential that there is effective challenge from experienced but independent individuals as part of the process. In order to deliver this, we will put in place a project Board (similar to that already used to scrutinise the procurement of major contracts) made up of members of SMT and CLT. Each service review will have a “sponsor” from the group who is independent of the service under review. They will act as the independent challenge or “critical friend” throughout the process and present findings and recommendations to the Project Board along with the service head. We will also invite Internal Audit to play a part in the review programme with a particular focus on proposed process change to ensure that SCH maintains appropriate standards of control.

4.3.4 The programme of reviews has been agreed as follows:

2012/13	2013/14	2014/15
Tenancy & Estate Management	ASB	Income Collection
Homelessness	Voids	Solihull Home Options (lettings)
Customer Involvement	Human Resources	SIL & Safe & Sound
Communications	Housing IT	MST (Day to Day and Stores)
Service Improvement	Capital Works	Customer Services (front-line)
Finance	Mechanical & Electrical	Procurement
Charges & Income	Facilities Management	

#### 4.4 Financial performance

4.4.1 The process of budget setting and monitoring that was put in place in 2005/06 and improved over the life of the last strategy is now well embedded within SCH. Managers are well used to the zero-based approach to setting the annual budget and respond well to challenges at every stage. Budget monitoring meetings take place regularly throughout the year and are effective in highlighting potential problems and ensuring that early action is taken when necessary. Responsibility for the development, management and monitoring of budgets has now been driven down to the level of the lowest possible effective management unit across SCH.

4.4.2 April 2012 will see a complete change in the overall financing environment for local authority housing with the introduction of self-financing. Under the new regime, Solihull will be taking on £69m of additional HRA debt – the interest charges on this new debt replace the annual subsidy payments – but most importantly it means that locally, Solihull is now able to control and direct the way it allocates the income within the HRA in the best interests of the tenants of Solihull. Treasury have however retained one key control over future activities – this is to cap the level of HRA borrowing at current levels – for Solihull this means £180m, of which only £4.7m is actually available as of now to fund initiatives such as new build.

4.4.3 During 2011/12, SCH (in conjunction with the Council) has developed a 30-year HRA Business Plan based on the new self-financing regime. The plan

includes a new 30-year Asset Management Strategy that sets out investment (and some development) need over the same period. The overall plan provides an agreed high-level framework that will form the backdrop to future decision making.

#### 4.4.4 The SCH annual budget setting process is now carried out in three stages

- (i) update the 30-year Business Plan to reflect changes of key assumptions as well as the actual performance/budgets for the current year
- (ii) update a more detailed medium-term 5 year financial forecast for both revenue and capital and agree a broad financial strategy based on available funds and efficiency targets; and
- (iii) a “zero-based” approach to setting the detailed budget for all areas

#### 4.4.5 Managers play a central role in the budget setting process and must demonstrate need for all budget lines, as well as demonstrate that they can make financial savings wherever possible against targets in order to deliver new service developments or service improvements.

#### 4.4.6 Since the last strategy was put in place, a substantial amount of work has gone into training managers to forecast their outturn as well as manage their budgets. As we once were with budget monitoring, not all budget holders are as effective at this aspect of financial management as others. Designated contacts within the Finance team are working alongside budget holders to improve their performance in this area. It is clear that there is still some reluctance amongst managers to give up budget during the course of the year. To incentivise managers better, it is therefore intended to develop a process by which budget holders can bid for additional funding throughout the year out of a savings pot built up from budget capacity that has been given up elsewhere in SCH.

#### 4.4.7 The savings identified in developing the annual budget are pulled together in the forecast Annual Efficiency Statement. There is now no requirement on either SCH or the Council to present an annual statement. However over the period of the last strategy, we have found this very useful in bringing together efficiency gains that have been achieved in one place and using this to demonstrate the effectiveness of our approach.

#### 4.4.8 The approach to the reporting of efficiency savings was changed after the first round of reporting – now only cashable savings can be included and savings have to be maintained in future years to be recognised. SCH has continued to follow this approach although in addition, in 2011 we have developed a Procurement Efficiency Savings Register, which reflects savings from each tender exercise – this includes non-cashable savings in procurement costs and time where we have made use of procurement consortia (for example) to shorten the process.

#### 4.4.9 The table below summarises savings reported through the Annual Efficiency Statement for the period 2008/09-2011/12. SCH set a target of 13% to be achieved over the 4 year period and are close to achieving it (given the forecast outturn for 2011/12 when compared with budget).

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>Base Year Management Fee</b>	<b>Actual savings</b>	<b>Actual savings</b>	<b>Actual Savings</b>	<b>Budget savings</b>
	£'000	£'000	£'000	£'000	£'000
Revenue	18,842	1,176	707	1,181	975
Capital	21,349	-	1,167	-	-
<b>Total</b>	<b>40,191</b>	<b>1,176</b>	<b>1,874</b>	<b>1,181</b>	<b>975</b>
<b>% savings achieved</b>					
Revenue		6.2%	3.8%	6.3%	5.2%
Capital		-	5.5%	-	-
Overall		2.9%	4.7%	2.9%	2.4%

4.4.10 Key efficiency savings delivered to date have derived from the following areas:

- Team re-structures across all areas (front-office and back-office) as well as the Senior Management Team
- Back-office administration review – implemented through “admin hubs”
- Policy to fill vacancies at bottom of the grade where possible
- Changes to out-of hours standby provision and payment arrangements
- Major contract procurement savings (including electrical repairs and electricity)
- Decent Homes – re-tendering of supply chain and elimination of duplication on site preliminaries

4.4.11 We have continued to refine budget structures so that they more closely align to service areas – the aim of this is to ensure clarity around the costs of delivery for each service area within SCH. Armed with this information and the more sophisticated output from the Housemark benchmarking exercise, the link between the cost of delivery and the performance achieved when compared with others should be easier to assess. Benchmarking our service offer, performance and costs are one of the key elements that will underpin the programme of service reviews that are set out within this strategy.

4.4.12 Over the period of the previous strategy, the medium-term budget strategy has started with an enforced annual efficiency saving equivalent to the budgeted level of stock loss. Managers have had discretion in where they make the savings, so long as they are made within their area of budget responsibility and experience shows that they have risen to this challenge.

4.4.13 Vacancy management has remained a strength – budgets are set assuming that any vacant posts will be filled at the bottom of the pay band and the Senior Management Team scrutinise the need for a post whenever a vacancy occurs, before any recruitment can commence. Each budget also includes a central vacancy savings target of £150,000 which has to be met by holding vacancies or by recruiting at a lower overall cost. SCH has successfully met this target every year since 2008/09 when the principle was introduced.

4.4.14 The expectations of the Council with regard to the delivery of further efficiency savings are high regardless of the actual need to make them within the HRA. Their own target is to deliver 20% real savings over the three years 2012/13-2014/15 – for SCH the 2012/13 budget reflects real savings of 8% and we will continue to drive towards achieving this. The SCH 2012/13 budget strategy

was to deliver a cash limited management fee compared with the 2011/12 fee with the addition of a savings target of a further £1m over 3 years – this was achieved, delivering 8% real savings.

#### **4.5 Performance monitoring**

4.5.1 Performance both financially and against KPIs is monitored throughout the organisation. Managers are expected to discuss performance regularly with staff at team meetings and both CLT and SMT receive and discuss performance reports on a regular basis.

4.5.2 At a directorate level, the monitoring of financial performance against budget and KPIs is an integral part of monthly management meetings. Representatives from both the Finance team and the Service Improvement team attend these meetings to ask and answer questions and assist managers to develop their skills at a broader level. Budget holders then have individual one-to-one sessions with their designated finance team contact on a regular basis – for most managers, this is monthly. As well as reviewing performance against budget, these meetings are now part of the regular forecasting cycle.

4.5.3 The financial monitoring and service performance reports have continued to evolve to meet the needs of managers in managing performance as well as to meet the requirements of scrutiny:

- Over the last 2 years, the timetable for production of monthly financial monitoring information has been cut from 10 days to a target of 5 in 2012/13 and the annual budget book is now published on-line for easy access.
- The Performance & Service Improvement Sub-Committee has revised the suite of indicators and the way that they are reported annually – this has included varying the tolerances for different indicators rather than applying a blanket 5% variance to all.
- Performance “Dashboard” – it is planned to develop a method of reporting high level financial performance and service delivery together to give Board Members an indication of the relationship between cost and performance – this will supplement the reports that the Board will receive from the Tenants Performance Scrutiny Panel
- Internally, an SMT led scrutiny panel meets quarterly to consider the reasons for any indicator showing as red under the risk matrix and (where appropriate) agree remedial action

## **5 Procurement**

### **5.1 Procurement Strategy**

5.1.1 SCH has a Procurement Strategy in place together with a supporting Sustainable Procurement Strategy. This was last reviewed in 2010 and is reviewed bi-annually. The strategy seeks to outline the SCH approach to procurement and the roles and responsibilities of the various parties across SCH in contract procurement and contract management.

### **5.2 Procurement processes**

5.2.1 The procurement processes in use within SCH are set out in the Rules for Contract section of Standing Orders. This sets out the procedures and authority levels that all staff should follow in purchasing both goods and services from external suppliers. By following the procedures set out in the Rules for Contract, staff should be able to ensure that any new contract that they enter into has been properly assessed against a wide range of operating and financial criteria and should therefore be value for money.

5.2.2 During the life of the previous strategy, there have been substantial revisions to Standing Orders primarily to ensure that they reflect current legislative requirements especially with regard to EU procurement. This remains a rapidly changing arena, where case law can be as important as statute – this is one of the many reasons that Standing Orders are reviewed formally every year. Recent changes have also included the introduction of minimum financial criteria for all contractors at the early stages of any tender exercise in order to better manage contractor risk in the current economic climate.

5.2.3 The application of the Rules for Contract can be complex. SCH therefore has a dedicated Procurement team who support managers as much as possible through the procurement process. The team has 3 key roles within SCH:

- provision of guidance and support to all contract holders – this includes the provision of training in contract procurement and management across SCH
- a clearly documented role where the proposed contracts are very large either in terms of impact or cost – this particularly applies to EU contracts
- a monitoring role – this ranges from maintaining the contract register and advertising opportunities to the public to ensuring that effective contract management is in place once a contract has been let

5.2.4 A comprehensive range of guidance notes, standard forms, checklists and other documents is available to support the processes and procedures laid out within Standing Orders. These are reviewed annually to ensure that they are still effective and appropriate and to ensure that compliance with them does not become an onerous burden in itself. All of these documents can be found in the Procurement section of the SCH Intranet. The site includes process maps to guide managers through the process and also includes FAQs (“Frequently Asked Questions”).

5.2.5 A formal Project Review Board (chaired by the Director of Finance & Investment and made up of at least 3 other members of CLT and SMT) monitor the procurement process for all contracts that fall within the EU criteria or are for spend of greater than £1m. The Board reviews progress at each of 4

stages and signs off progress to the next stage – their role includes challenging the way in which the need is proposed to be met, the type of contract and specification through to the tender evaluation process.

5.2.6 In addition, a cross-service Procurement group (chaired by the Director of Finance & Investment) maintains a watching brief on procurement matters including delivery against the procurement plan, matters arising from contract management reports and agreement of procurement training plans.

### **5.3 Procurement Consortia**

5.3.1 The use of procurement consortia is recognised as a good way to ensure value for money contracts without having to always break new ground. Consortia members can draw on bulk contracts that have already been tendered and assessed for value for money, without having to carry out every stage of the procurement process internally. A particular benefit of such arrangements is the potential for significant savings arising from the power of bulk purchasing and negotiating.

5.3.2 SCH continues to work through a range of consortia and use the framework agreements that they have negotiated – this is done through a range of national consortia such as Procurement for Housing and CHIC. In addition, SCH maintains close links with the SMBC Procurement Team. Contract registers, procurement plans and new contracts are shared at regular meetings and where useful to both parties, SCH will carry out joint procurement exercises with them.

## 6 Maintaining the culture

### 6.1 Tenants and leaseholders

6.1.1 The delivery of a value for money service remains a high priority for our tenants and leaseholders. Our regular mini-status survey asks the question “Do you feel you get value for money for your rent?” and 90.1% (1,477 out of 1,639) of customers responded yes. Those responding no (96) did so for a number of reasons that included additional charges as well as “just too expensive”. More anecdotally, many of the comments made on consultation questionnaires, satisfaction surveys and complaints refer to VfM (or sometimes lack of it).

6.1.2 Knowing whether our tenants and leaseholders think that our current services are value for money is a key part of ensuring that we are delivering services as effectively and economically as possible. For this reason, we seek to involve tenants in as much of our work as possible. This can be through quite specific projects or at a more general level (seeking views) or at any point along that scale.

6.1.3 There is no longer a formal national survey of customer satisfaction (like STATUS) that we can use to benchmark our performance, but SCH has created its own “mini-status” survey together with a range of more service specific surveys. These are telephone surveys that are mainly carried out by the Contact Centre. They aim to cover key service areas such as repairs and housing management but regularly include specific questions on other service areas. Contact Centre staff work with service teams to develop questionnaires for their service and results are fed back to those teams for analysis and action where necessary. We have seen a number of service changes since this approach was introduced – some quite small, but others that have been reflected in wider changes to service delivery.

6.1.4 Project or service specific involvement comes about in the following ways:

- Tenant/leaseholder involvement in tender exercises – our procurement processes expect and require the involvement of an “end user” at all stages of the tender process for major contracts (e.g. gas servicing, major refurbishment, out of hours call handling) – this starts with the specification and finishes with tender evaluation
- Tenant Participation groups discussing proposals for change coming out of reviews – tenants and leaseholders will be involved in the service review programme - again getting in at the beginning not acting as a “rubber stamp” for any proposed changes at the end. These sessions can be part of their programme for the more formally constituted tenant groups or through one-off mini-conferences
- Resident consultation – we are particularly aiming to use this when delivering the “envelope scheme” works – residents of an area will be asked to feed into the wish list of wider works to be done as they will affect everyone in the block or street – this work will be led by in-house Tenant Liaison Officers.

6.1.5 On a wider level, SCH has a range of resident “interest” groups (repairs panel, ASB and Environmental panel, leaseholder panel, BME and Disability Focus groups and High-Rise group) that meet formally on a regular basis with a forward plan of matters to consider. Managers in the relevant areas are

expected to support these panels to ensure that tenants are well briefed on developments and proposals around service delivery at an early stage and to feed back to them as projects develop.

6.1.6 SCH holds regular tenant mini-conferences that usually have a theme. These offer a broader group of tenants an opportunity to air their views on the chosen subject and help to shape new proposals. The “Solihull 100 plus” continues to elicit views on a wide range of subjects from a broader spectrum of our tenants – those who wish to contribute to the shaping of our service but who find it difficult to participate regularly in the more formal group and panel arrangements.

6.1.7 We will continue to seek new ideas and advertise opportunities to participate. These range from the more traditional methods to new ways that will reflect social media and hopefully engage with younger residents:

- Calendar of meeting dates and arrangements published in the newsletter and on the website – we are now texting panel members to remind them of meetings so that we can organise transport more efficiently
- simple view- finding – questions in the tenants newsletter with a reply slip
- “Suggestion” – in response to articles in the newsletter, through an option on the SCH website and via Facebook and Twitter
- developing a BLOG for residents to feedback (one of our young tenants is working with us on this)
- developing an “on-line meeting” option – with a topic to dial into on a regular basis – this may be followed up by “text polling” rather than postal or telephone surveys
- Competitions in the newsletter – with prizes for the best suggestions
- “Doorstep” surveys – either at area offices or out and about mobile presentations

6.1.8 At the highest level, 2011 has seen the creation of the Tenants Scrutiny Committee. This is independent of the other “interest” groups and residents must put themselves forward and be interviewed to be a member. Over 2012, this panel will take over responsibility for scrutinising performance from the Board Performance and Service Improvement Sub-Committee and will report directly into the Board. This panel will also monitor progress in the delivery of the Service Improvement Plan – to start this rolling, the Chair and Vice-Chair of the panel attended the day-long workshop with managers that developed the plan for 2012/13.

6.1.9 The “pocket guide” to the new SCH Value for Money strategy, will be made available to all tenants and leaseholders and highlighted in the newsletter as part of a six-monthly information item – focusing on the budget.

6.1.10 We will continue to emphasise the shared responsibility of residents and staff for achieving value for money and efficiency. SCH staff can review processes and structures and make resourcing and procurement decisions that seek to achieve VfM. Tenants and leaseholders can, and should play their part by “behaving in a tenant-like manner”. This means:

- abiding by the terms of their tenancy or lease agreement
- meeting their responsibilities with regard to the upkeep of their property
- ensuring that they (and their families) maintain the external environment

- reporting acts of vandalism and waste that they see

## 6.2 Staff

6.2.1 The SCH management group has really brought into the “savings” ethos and, as a result, they play their part well in the development of budgets and plans. They expect that a service review will need to make savings through more efficient ways of working as one of the outputs regardless of whether they are a customer-facing or back-office team. The outcomes from the LEAN review of the voids process has also shown them what benefits SCH can gain from a cross-service approach and more effective working together.

6.2.2 The Corporate Leadership Team (CLT) is a key element in our focus on VfM – this group is a cross-service forum and sounding board for performance and service improvement as well as looking at the shape of the SCH service. This group should over time play an increasing role in improving VfM and efficiency across SCH through the work that they do. Members of CLT will be part of the Project Group that will drive the programme of service reviews across SCH – acting as an independent challenge and critical friend on some reviews and probably leading on others.

6.2.3 Responsibility for budget management is devolved down below the WSMT level within many directorates. For these managers, delivery of activities within budget whilst ensuring that efficiency targets are met will remain a priority. Their success (or not) forms part of the assessment of their performance through the annual appraisal process. Tight control at the detailed, service delivery level coupled with intelligent monitoring at CLT and SMT should ensure that cross-cutting issues are identified as well as resource pressures at an early stage.

6.2.4 Good quality staff briefings are key to ensuring that all staff are living the SCH approach to VfM. This will be achieved at many levels:

- Development of a new “pocket guide” to the SCH Value for Money strategy, which will be distributed to all staff (and made available to tenants). We will continue push the message that “staff should look after SCH budgets in the same way as they would look after their own money”
- Strategy “launch” event – as much as anything this will aim to explain the rationale behind the service review programme
- Director briefings as part of team development/away days
- Feedback to all staff from reviews when they have been completed and as any changes are rolled out
- Regular Team Brief sessions cascading information down to all staff – these should include feedback on activities of other teams
- Encouragement for teams to take their service out to other teams – formally through taking a slot at team meetings and more informally by “just visiting”
- Annual team improvement plans outlining objectives for the forthcoming year, which also demonstrate how they contribute to cross-cutting issues including the achievement of VfM
- Continuing development of the TeamSCH brand and associated activities including regular electronic “newsletters”, better use of the intranet, staff conferences and events celebrating successes and good work

6.2.5 Over the life of the last strategy, we have explored a number of ways to engage staff on a wider level especially more junior staff – this has included a staff suggestion scheme and “employee of the month” and team of the quarter” awards. None of these has been particularly successful and it is clear that staff feel more comfortable with engaging on specific projects rather than on a more general level.

6.2.6 However, because delivering budget savings has become so ingrained within SCH staff, we intend to develop a team based incentive scheme. This process will allow budget holders to bid for additional funding throughout the year out of a savings pot built up from budget capacity that has been given up elsewhere in SCH. Some of this is already happening at a low level, informal way and we would seek to encourage all staff to participate.

### **6.3 Partnership working**

6.3.1 We will continue to work in partnership with other organisations or to seek external funding in order to generate maximum benefits from the funds that are available to SCH.

6.3.2 Some of the key opportunities for partnership working are expected to arise from:

- Work with groups such as Groundwork, who receive central funding from other sources, where combining individually small budgets can deliver larger projects
- Work with groups such as CAB to increase the impact of some of our own services in order to better meet growing demand
- Work with Community Groups to draw in community resource, which can generate added value such as developing life skills across the borough
- Working with other teams within the council and other statutory bodies – this will include SMBC Children’s Services and Leisure services, West Midlands Police (on ASB) and West Midlands Fire Service (on home safety)
- Work in conjunction with the Council to make joint bids for funding (e.g. initiatives to combat worklessness)
- Continue our work with the Council’s Community Services team to deliver joint contracts for grounds maintenance, recycling etc to maintain and improve the environment (especially as we roll out the “Envelope Scheme”)
- Working with SMBC, in order to ensure that the services that they provide to us and vice versa clearly demonstrate value for money for both parties
- Work in collaboration with utility companies and other energy services companies to make the best of the “Green Deal” and other energy efficiency initiatives – these should particularly benefit tenants in or near fuel poverty.

6.3.3 Given the current economic climate there is no expectation that external funding will be easy to come by, especially in the next 5-10 years. However, SCH will continue to follow up all opportunities from whatever source. To date we have been particularly successful in delivering funding for schemes to combat worklessness and energy efficiency projects and it is likely that this trend will continue.

## **6.4 Board Member involvement**

- 6.4.1 The key role of the Board remains to develop and approve the overall strategy for the organisation, from business objectives in the long term through to strategies for service delivery as well as the annual delivery plan.
- 6.4.2 The Board has developed a dual approach to ensuring the delivery of efficient, value for money services, by separating the monitoring of the overall corporate strategy from monitoring delivery in respect of specific projects.
- 6.4.3 The delivery of this overall Value for Money strategy and the broad efficiency agenda falls within the remit of the Finance & Audit sub-committee. It is then the role of the Board as a whole to ensure that any specific decisions that they take are made after full consideration of all relevant factors including efficiency and Value for Money.

## **7 Monitoring delivery**

- 7.1 Board reports (and reports at sub-committees) are presented in a standard format, which include the following mandatory sections of relevance:
- financial implications – this is expected to cover the source and size of financial resources required to deliver a proposal. In particular, reports are expected to cover the long-term implications of proposals (e.g. future revenue costs of a capital expenditure decision).
  - Value for Money and Efficiency implications – this is expected to cover the impact of any proposals on working practices and whether changes will result in efficiency savings
  - Tenant Involvement and Consultation – this is expected to cover the nature of and outcomes from the involvement of residents in whatever is being reported – e.g. the involvement of tenant representatives in service reviews or procurement
- 7.2 The same considerations are also expected to form an integral part of the decision making and review process at any Service Improvement or consultation forum or Project Review Board.
- 7.3 The Forward Plan for the Board and relevant sub-committees includes provision for regular reviews of performance in key areas, picking up especially progress in the delivery of major projects. The outcomes from each of the service reviews will be presented to the Board when the review has been completed – the level and detail of the report will depend on the recommendations that have come out of the review and their impact.
- 7.4 Regular reports setting out progress in driving the VfM strategy will be presented to the Finance & Audit sub-committee. These reports will include progress in the delivery of the Corporate Value for Money Action Plan as well as progress against the annual efficiency savings target and the targets set out within this strategy.

## **8 Corporate objectives and targets and action plan**

- 8.1 The outcomes from the last strategy as well as an assessment of the current economic climate and the expectations of the Council have enabled SCH to develop new corporate objectives that it wishes to achieve over the next 5 years to continue to deliver efficient, value for money services.
- 8.2 The corporate objectives are set out below:
- To manage the shortfall in income arising from an ongoing reduction in stock levels
  - To deliver ongoing savings from procurement
  - To maintain and improve on void turnaround time
  - To manage arrears levels and income collection in the face of welfare/benefit reforms
  - To maintain growth in non-management fee income
  - To manage and improve on repairs performance
- 8.3 Appendix 2 sets out the corporate action plan to support and drive SCH to deliver the most efficient and value for money services that it can, by ensuring that the best quality information is available to all staff as they develop their proposals and make decisions.
- 8.4 The corporate objectives are supported by more specific targets that are set out in appendix 3. The appendix also highlights which of the key VfM drivers (Economy, Efficiency and Effectiveness) they aim to improve. In most cases, work that will deliver these detailed targets will either be part of projects within the Service Improvement Plan or are part of the corporate performance KPI suite with stretching targets to improve – delivery against both of these is essential to demonstrate our achievement of VfM.
- 8.5 The objectives and targets set out will support our VfM strategy for the period to the end of 2014/15. At that stage both the strategy, the action plan and the targets will be subject to review.

## SERVICE REVIEW PROGRAMME 2012-2015

### Purpose and outline programme for reviews

#### Purpose of the Reviews

- Challenge what we do – do we still need to do it? Can the work be done more efficiently/ effectively in a different way?
- Deliver cashable efficiency savings
- Deliver improvements in performance
- Deliver streamlined and effective procedures
- Ensure policies are “fit” for current climate, are up to date and comply with legislation

Virtual “**Project Teams**” should include the following key components as a minimum:

- Head of Service leading review
- Critical friend and sponsor (identified by Project Board at start)
- Consultation with and involvement of service team
- Consultation with and involvement of tenants and leaseholders (where appropriate)
- Consultation with and involvement of internal “customer” teams that either provide services to team or whose work is impacted by the work of the team
- Engagement with back-office teams including service improvement, finance, procurement, communications and charges & income
- Link to council at some level (including internal audit) where necessary

The **work programme** for each service review should encompass each of the following stages to some degree:

#### Stage 1 - Challenge

1. Do we still need to supply this service?
  - a. What functions are the team under review carrying out?
  - b. Are these functions still required by the business?
  - c. Could they be delivered in a different way?
2. Consultation with tenants (where appropriate) – does the service add value for the customer?
3. Report to Project Board to agree overall approach for individual service review

#### Stage 2 – Fact finding and analysis

1. Financial assessment
  - a. What are costs currently? Understand what we are spending and on what – comparable costs over a number of years (3-4 years)
  - b. Benchmarking of costs against other similar organisations (peer group depends on service area as well as size of organisation)
  - c. Obtain and review any recent Internal Audit reports and any other reviews that cover some or all of the service
  - d. Understand staffing structure
2. Performance benchmarking
  - a. What is our current performance? Against target, trends over past 3-4 years?

- b. Benchmarking of performance against other similar organisations (peer group depends on service area as well as size of organisation)
  - c. What are our service standards – are we meeting them?
  - d. What is customer satisfaction like? Any key areas of concern?
  - e. Any special points about SCH that impact on performance – special expectations/minimum standards of performance etc
3. Strategy, Policy and Procedures review
    - a. Do we have a strategy or policy covering area? When was it last updated? Any areas already identified that need to be amended?
    - b. Do we have written procedures and guidance notes that are up to date and reflect what is actually being done?
  4. Process review – this can use LEAN methodology
    - a. Develop or review flow charts of process – from start to end – include identifying any need to report progress /seek approval at any stage either from Board or Council
  5. Report to Project Board setting out findings to date and in principle support for any significant change in service that might be indicated so far

### **Stage 3 - Review**

1. Review benchmarking (financial and performance) - are we out of line with others – if so, why? Site visits/telephone calls/emails may help to clarify
2. Strategy and policy – is there anything that needs to be updated – does this change anything that we are doing currently – can we stop doing something or do we need to start doing something else?
3. Process – assess findings from process flowcharts – can we cut out steps etc?
4. Re -assessment of required staffing based on revised process/procedures
5. Consult widely with customers on any possible changes either to service standards or outputs
6. Report to Project Board setting out findings – seek in principle approval for any key changes proposed and agreement to take proposals forward and seek approval to implement

### **Stage 4 – Outputs expected (not in order of priority)**

1. Updated/revised strategies/policies where applicable based on best practice/legislation
2. Identify financial savings
3. Identify new performance targets
4. Identify any required changes to staffing structure to deliver
5. Develop revised processes required to support delivery of “new” service
6. Report to agreed forum to approve any key changes – could be CLT, SMT, Board Sub-Committee, Board and even Council depending on recommendations being made for change

### **Stage 5 – Implementation**

1. Management of Change process for any staff structure/role changes
2. Re-write procedures/guidance notes to reflect new processes and procedures – to include changes to contact centre scripts etc
3. Update website/intranet to reflect new processes and procedures
4. Publicise any service changes to tenants/leaseholders
5. Start working the new way!

### **Stage 6 – Evaluation**

1. Did the review achieve the desired outputs?
2. Is there anything we would do differently now we have tried something?

## Corporate Value for Money Action Plan

	Action	Responsible	Resources	Outcome	Target Date
	<b>Information Strategy</b>				
1	Populate Housemark database with budget and outturn financial information annually and performance information quarterly	Finance Team  Strategy & Performance team	SCH staff in responsible teams	Data available on Housemark for comparison	Finance data – by 30 June annually  Performance data – within 30 days of quarter end
2	Review costs, performance measurement and monitoring arrangements and VfM for SLAs annually	SLA receivers	SLA receivers Finance support on costs	SLAs agreed with receivers and signed. Monitoring meetings taking place to agreed timetable within SLA	All SLAs to be signed by July following start of financial year.  Monitoring meetings to timetable
3	Update HRA Self-Financing Business Plan annually as part of preparation of budget strategy  Preparation of all budgets from a “Zero-base” for all directorates	Budget holders  Finance Team	Finance Team	Understanding of longer term funding and broad budget needs to underpin decision making	Annually September-November Annually October-February

	<b>Action</b>	<b>Responsible</b>	<b>Resources</b>	<b>Outcome</b>	<b>Target Date</b>
4	Develop an efficiency forecast annually and compare outturns with forecast in the form of an Annual Efficiency Statement (cashable savings only)  Maintain Procurement Efficiency Savings Register and report annually on savings made	Karen Preece	Rob Semple  Anneke Clarke	Planning for efficiency savings and reporting to Finance & Audit Sub-Committee	Annually after approval of budget and after outturn Ongoing
5	Develop Dashboard – showing financial and service delivery performance	Carole Hodson Karen Preece	Finance Team Service Improvement Team	Report to Board	After every meeting of Tenant Scrutiny Panel
6	Develop a “pocket guide” summarising the key aims and objectives of the Value for Money strategy for circulation to all staff and to be made available to tenants and leaseholders  Hold a “launch” event with staff to explain key elements of the strategy and especially their role in the review programme	Karen Preece	Finance Team Communications Team	Leaflet circulated	September 2012
7	6-monthly articles in Tenants Newsletter: <ul style="list-style-type: none"> <li>• setting out expenditure plans at start of the year</li> <li>• looking for suggestions at start of budget round</li> </ul>	Karen Preece	Finance Team Communications team	Newsletter circulated to all tenants and leaseholders (also seen by staff)	June 2012 and 6 monthly thereafter
	<b>Procurement</b>				
8	Review Procurement Strategy bi-annually	Anneke Clarke	Procurement Team	Strategy agreed by Finance Sub-Committee	August 2012 and then bi-annually

	<b>Action</b>	<b>Responsible</b>	<b>Resources</b>	<b>Outcome</b>	<b>Target Date</b>
9	Review Standing Orders (incorporating Rules for Contract) annually	Karen Preece/ Anneke Clarke	Finance Team /Procurement Team	Revisions to Standing Orders approved by board	September 2012 and annually
10	Maintain Contracts Database - central record of all contracts in place – including date contract let, review dates and progress of re-procurement, basis of tendering and indicative price:quality ratio to be used in evaluation of tenders. To be published on website and Intranet as required.	Anneke Clarke	Procurement Team	Reported to Finance Sub- Committee at every meeting	Ongoing
	<b>Performance delivery</b>				
11	Participate in Peer review process with other local ALMOs – selected teams each year – consider and implement recommendations alongside internal service review programme	Carole Hodson	Service Improvement Team	Peer assessment and recommendatio ns for improvement implemented	Annual programme to be agreed
12	Deliver 3-year programme of service reviews using agreed methodology	Karen Preece/ Carole Hodson	Heads of Service/Project Board/ Service Improvement Team	Reports to CLT, SMT, Sub- Committees and Board as appropriate	March 2015
13	Develop a programme of initiatives to further involve tenants in service development and improvement	Michelle Hocknull	Customer Involvement Team	Initiatives implemented	March 2013
	<b>Embedding the Culture</b>				
14	Develop a process by which budget holders can bid for additional funding throughout the year out of a savings pot built up from budget capacity that has been given up elsewhere in SCH.	Karen Preece	Finance team	Report to SMT	June 2012

	<b>Action</b>	<b>Responsible</b>	<b>Resources</b>	<b>Outcome</b>	<b>Target Date</b>
15	Annual programme of Improvement Plans – development at team level, including assessment against cross-cutting priorities including VfM, before development into overall SCH Delivery Plan. To include financial as well as service delivery and performance milestones	Carole Hodson	SMT/CLT	Corporate SIP/ Team SIPs/ SCH Delivery Plan	December- March every financial year

## Corporate Value for Money Targets

		Target	By When?	Economy	Efficiency	Effective-ness
	<b>To manage the shortfall in income arising from an ongoing reduction in stock levels</b>					
1	To achieve annual base budget savings equivalent to the reduction in overall stock levels in the previous year	Annually, % stock loss in prior year	Annual target	X		
2	To deliver 20% real budget savings as a % of the 2011/12 management fee between 2012/13-2014/15 (achieved 8% in 2012/13 budget)	20% over 3 years	March 2015		X	
3	To achieve top quartile performance in at least 50% of the high level KPIs identified by the Board/Tenant Scrutiny Committee for monitoring	Top quartile per Housemark by 2014/15	2014/15			X
	<b>To deliver ongoing savings from procurement</b>					
4	To deliver procurement efficiency savings (cashable) of at least 8% of the full contract value for contracts let in the financial year	% of full contract value	All years	X		
5	To continue to reduce the number of invoices processed (2011/12 – average 1,100 per month)	900 per month	2014/15		X	X
	<b>To maintain and improve on void turnaround time</b>					
6	To achieve progressively improved void turnaround times over the 3 year period (in days)	2012/13 – 17 2013/14 – 16 2014/15 – 15	2014/15	X	X	X

		Target	By When?	Economy	Efficiency	Effectiveness
	<b>To manage arrears levels and income collection in the face of welfare/benefit reforms</b>					
7	To maintain rent collection as % of rent debit of at least 97.5%	97.5%	2014/15	X	X	X
8	To achieve bad debt charge of no more than 3% of rent debit in any one year	3%	2014/15	X	X	X
	<b>To maintain growth in non-management fee income</b>					
9	To increase total revenue income from non-management fee sources by 3% from SLAs with council and external funding	3%	2014/15	X		X
	<b>To manage and improve on repairs performance</b>					
10	To achieve less than 3 reactive repairs per property per annum	<3 p.a.	2014/15	X	X	X
11	To achieve % of repairs completed right first time of at least 96% (upper quartile)	Above 96%	2014/15	X	X	X
12	To achieve average MST operative productivity of at least 4 jobs per day	At least 4 jobs per day	2014/15	X	X	X

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