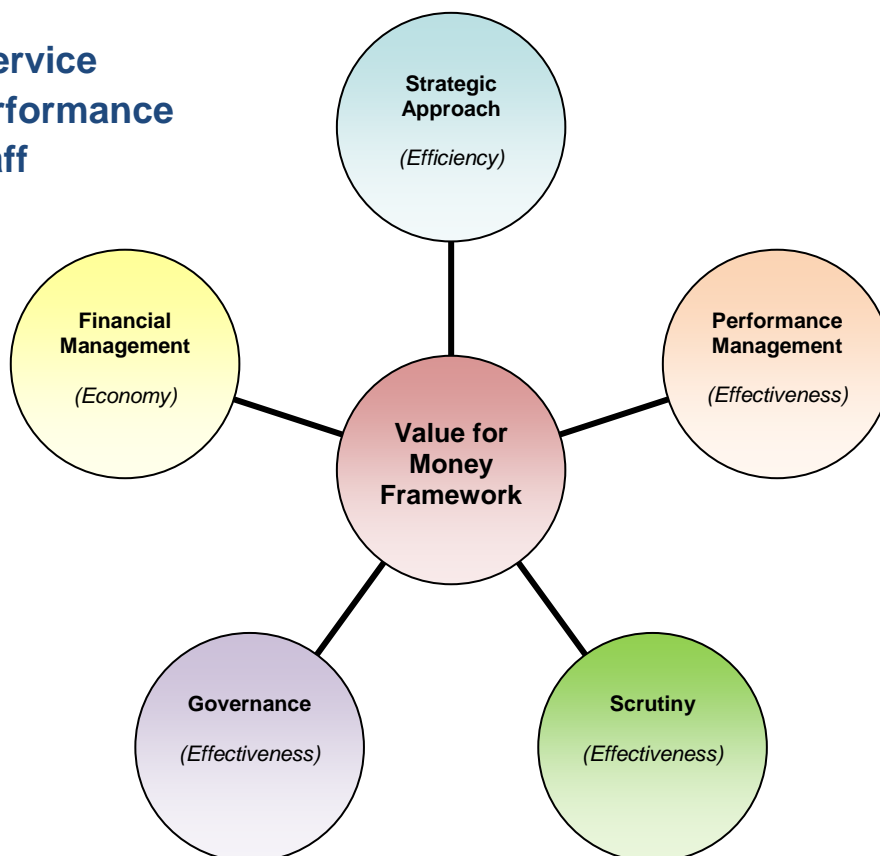




# Value for Money Framework Affordable Homes 2014/15 – 2015/16

*Achieving our aims in the most efficient manner at the best possible price*

**Your Service  
Our Performance  
Our Staff**





## Section 1: Introduction

- 1.1 The Council is committed to providing services that represent the best possible value for money for our residents. Demand for our services is constantly increasing yet resources are limited, hence there is a constant search for savings for reinvestment into front-line services. To meet this challenge; efficient management of resources continues to be one of the Council's highest priorities.
- 1.2 We also recognise that value for money should not only be about providing an efficient cost effective service but that we provide social value that meets our key aims and objectives, providing a quality service with social, financial and environmental benefits for our residents.
- 1.3 At the core of the housing service is the concept of 'Your service, our Performance, our Staff' which encapsulates a quality service providing value for money that is targeted at the needs of our tenants and residents, where our performance is central to the motivation and development of our staff.

### Our Value for Money Mission Statement

"We will achieve our aims in the most efficient manner at the best possible price and be able to demonstrate it"

This will include:

- Delivering a cost effective housing service through robust and transparent procurement and financial management processes that demonstrate best price/quality (**Economy**)
- Using our assets in the best way, ensuring we have the right assets and processes to deliver our aims. This includes investing in the wellbeing and development of our staff. (**Efficiency**)
- Doing the right things to meet the aims of Affordable Homes identified within the Housing Strategy and HRA Business Plan (**Effectiveness**)

## Section 2: Defining Value for Money

- 2.1 Value for money is about achieving the right balance between Economy, Efficiency and Effectiveness (known as the 3 E's).

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

**Efficiency** – is a measure of productivity or how much is gained for the money we spend

**Effectiveness** – is a measure of the impact achieved, ensuring we are meeting our objectives by 'doing the right things'



- 2.2 **‘Doing the right things’** - By listening and understanding what our residents want we can target services appropriately, as well as ensuring that everything we do meets our purpose as a housing provider that is aligned to our housing vision, as set out in the Housing Strategy:

*To be the best housing service by providing good quality housing across all tenures that is accessible to all that enhances residents’ quality of life, their health and wellbeing, that supports economic growth and social opportunities, alongside improved energy security and reduced carbon footprints.*



- **Good quality housing** – through the HRA Business Plan and 5 year maintenance plan we will ensure all our council homes as a minimum meet the decent homes standard.
- **Housing across all tenures, accessible to all** – we will provide additional housing of all tenures as part of the Council’s New Build programme and through the Housing Company.
- **Enhancing residents’ quality of life** – by ensuring everything we do provides social value to residents either through social and economic benefits, service quality, environmental benefits or financial benefits. Key projects within the service plan are assessed against these criteria.
- **Health and well being** – helping people to live independently in their own homes through enhanced support services for older people and the disabled; and supporting tenants through the impacts of welfare reform.
- **Supporting economic growth** –through the provision of good quality housing that is affordable to a diverse workforce.
- **Social opportunities** – increasing financial and digital inclusion through the Community Impact Strategy.
- **Improved energy security and reducing carbon footprints** – through the Warm Homes Strategy, providing tenants with energy efficient solutions, such as solar panels and air source heat pumps.
- **Tenant scrutiny** – Making sure we are doing the right things and that every pound is well spent. Our ‘Local Offers’ have been developed with tenants identifying specific areas that the housing service should focus on in the year.

## Section 3: Our Approach to Value for Money

- 3.1 Part of the regulatory framework for social housing includes the Economic Standard, which registered providers must comply with. This standard relates to governance and financial viability, value for money and rent. This standard does not apply to councils but it is considered good practice to follow the standard where it is possible to do so under the Council’s own constitution and regulation.



Specific Expectations set out in the Regulatory Framework for Social Housing: Economic Standard for Value for Money Registered providers shall:	Ref
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.	HCA1
Understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives.	HCA2
Have scrutiny and performance management functions which are effective at driving and delivering improved value for money performance.	HCA3
Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.	HCA4

The remainder of this section sets out how the housing service are meeting these standards.

**HCA1: 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.**

### 3.2 PROVIDER'S OBJECTIVES – OUR STRATEGIC APPROACH

**Council Aims and Objectives: The Corporate Plan** - Each year the Council publishes its Corporate Plan detailing its long term vision and the key objectives to ensure '*South Cambridgeshire continues to be the best place to live, work and study in the Country*'.

**Housing Strategy** – The Housing Strategy provides the strategic vision for housing within the District and sets out the main aims to help address the housing issues identified locally.

**HRA Business Plan** - The HRA Business Plan sets out a 30 year plan for the Council housing stock to ensure it continues to provide decent homes that represent value for money. The following policies, plans and strategies feed into the HRA Business Plan to help achieve its objectives.

- 5 Year Maintenance Plan
- Warm Homes Strategy
- HRA Asset Management Strategy
- HRA Asset Sustainability Policy (Disposals and Acquisitions)
- Non-Traditional Constructed Properties Strategy
- Resident Involvement Strategy

**Procurement Strategy** - As a local authority, we aim to secure the best possible value for money in all our contracts and have in place a robust procurement process as set out in the Council's Procurement Strategy and in accordance with the Financial Regulations and Contract Regulations. When awarding contracts, the



Council evaluates what will lead to best value for money for the Council and the residents of the district.

**Service Plan and Social Value** - The value for money analysis through the core benchmarking and performance monitoring (see point 3.8 below) forms part of the annual cycle to set specific actions for the Affordable Homes service plan, which is approved by the Housing Portfolio Holder. Actions identified are designed to meet the main aims and purposes of the service and the Council and are assessed against the social value element relating to value for money. The social value element identifies the impact that the actions will have on tenants or the wider community, and relate to:

**Social and economic benefits** – to individuals and communities

**Service Quality** – consumer benefits to paying customers

**Environmental Benefits** – Quality of neighbourhood, bio-diversity, energy efficiency, etc.

**Financial Benefits** – a return (surplus for reinvestment) and/or knock-on benefits to other local services and taxpayer

The service plan is a 'live' document and progress is monitored throughout the year by the Housing Services Management Team (HSMT) and reported to the Tenant Participation Group (TPG). On completion of each project a review will be undertaken to re-assess the social and financial benefits that have been achieved, followed through with SMART objectives for actions to be undertaken where appropriate.

**Local Offers to Tenants** - Every year we ask tenants what is important to them and if there are specific areas they would like us to concentrate on. This helps us to develop our 'Local Offers' in partnership with the elected Tenant Participation Group, identifying priorities that the housing service will focus on during the year.

### 3.3 GOVERNANCE

The Council's constitution sets out in detail the responsibility for functions, including delegated powers that create a powerful and effective means of holding decision-makers to public account. As part of its governance obligations, each year a Governance Statement is published which provides assurances that the Council is well-governed having the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely.

The approach to decision-making with regards to the housing service is detailed below:

**Full Council** – Comprises 57 councillors who are responsible for the Council's overall planning, setting the annual budget and policy framework. This includes the approval of the HRA Business Plan.

**Cabinet** – Principal decision-making body, consisting of elected councillors appointed by the Leader of the Council, each with an area of responsibility called a portfolio. If decisions are outside the budget or policy framework, these are referred to Full Council for approval.



**Housing Portfolio Holder** – Most key decisions relating to the housing service need approval by the Housing Portfolio Holder and generally do not need Cabinet or Full Council approval, in accordance with the Constitution. Decisions made by either Cabinet or the Portfolio Holder are subject to scrutiny and call-in procedures.

**Executive Management Team (EMT)** - comprising the Chief Executive as Head of Paid Service, the Executive Director (Corporate Services) acting as the S.151 Officer and the Monitoring Officer, as well as Directors from each service area. The role of EMT is to oversee the functions and decisions made by the Directors and make high level operational decisions, as well as reviewing/approving reports for Cabinet and Full Council.

**Housing Director** – responsible for the day-to-day operational decisions associated to the service, in accordance with delegated authority detailed in the Constitution.

**Heads of Service** – comprising Head of Housing Advice & Options, Head of Housing Services and Head of Housing Strategy & Development. Responsible for the day-to-day running of their respective service area, with decision-making powers delegated by the Housing Director.

### 3.4 **Understanding the trade-off's and opportunity costs of decisions**

The Housing Service has strong processes in place as demonstrated within this framework for its decision-making and scrutinising of our performance that help to identify, measure and address the trade-offs and opportunities that arise. We are a forward-thinking service and are empowered to look for new approaches for working differently, such as shared services, private sector initiatives, etc. However, it is acknowledged that as we move to a more commercial business environment, this is an area that needs to be strengthened as part of our business modelling.

**Risk Management** - Potential operational risks to the service are identified at an early stage through the HRA Business Plan Risk Register and the Housing Risk Register, which are monitored quarterly by HSMT and EMT. High level risks identified are escalated to the Strategic Risk Register for greater scrutiny and monitoring by EMT and by the Corporate & Customer Services Portfolio Holder.

### **HCA2: Understand the return on assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives**

- 3.5 The HRA Business Plan sets out the spending profile required for the next 30 years, with the 5 year housing maintenance plan detailing spending priorities. This is refreshed annually to ensure emerging priorities can be addressed effectively.

The Asset Management Strategy details the range of activities required to maintain good stock condition. This is based on an analysis of the stock condition data, forecasting the likely expenditure levels required to ensure our homes continue to meet the decent homes standard. We are continually updating our stock condition information through the Keystone system, revising our capital strategy to optimise future return on assets. The HRA Asset Sustainability Policy (Disposals and Acquisitions) and the Non-Traditional Constructed Properties Strategy ensure that we



have the correct policies in place to drive our performance in providing sustainable decent homes over the long term.

Following a detailed appraisal of our garage sites, a programme has been implemented of garage improvement and rationalisation, in order to maximise rental return. This has included sites identified for potential affordable housing development.

As part of the Council's development programme, we will undertake financial appraisals on a scheme by scheme basis to ensure any new development represents value for money in terms of maximising the provision of affordable housing to meet local needs.

### 3.6 Investing in Staff

It is recognised that our most valuable asset is our staff as without good quality skilled staff we would not be able to achieve our aims, driving improved performance and maximising efficiencies. We are committed to supporting and developing staff to their full potential through the Council's People Organisational & Development Strategy which focuses on six key themes:

- **Leadership & direction** – strong, dynamic & inspirational leadership and clearly communicated direction with everyone working together.
- **People Mattering** – creating a learning environment for employees and Members, offering appropriate career progression and opportunities for personal development. Demonstrating that everyone is valued by welcoming diversity and new ideas, & involvement in shaping the Council's future.
- **Workforce Planning** – recognising the diverse needs of the workforce and communities. Planning for staff movement (retirement, flexible working requests, turnover) during the next 3-5 years.
- **Culture** – developing and practising the values & behaviours that we need to achieve our vision. Being a role model to communities and enhancing our reputation.
- **Partnership** – working with a range of partners and key agencies who are central to the improvement and growth of the district. Influencing decisions that make a difference to our communities
- **Communication** – keeping good communication at the heart of everything we do, recognising that it is pivotal to our image and reputation both internally (with staff and Members), and externally (with customers, partners & stakeholders) and acknowledging that everyone has responsibility in achieving this.

### HCA3 Have scrutiny functions and performance management which are effective at driving and delivering improved value for money performance.

#### 3.7 SCRUTINY

**Executive Management Team (EMT)** – Providing high level scrutiny of the decisions taken at operational level, as well as core performance monitoring and risk management.

**Housing Services Management Team (HSMT)** – acting as an advisory board to the Housing Director to highlight operational issues as well as quarterly performance



monitoring and overseeing the progress of the service plan. HSMT consists of senior officers within the housing service that meet on a monthly basis.

**Mears Board** – consisting elected members, tenant representatives and senior staff to maintain an overview of the performance of the response repairs contract.

**Team Meetings** – individual service areas have frequent team meetings to monitor their performance and progress against key actions identified in the service plan and relevant strategies.

**121 Meetings** – individual meetings held between staff and their line manager to monitor progress and performance against objectives identified as part of the appraisal process.

**Tenant Participation Group (TPG)** - consisting 20 elected tenant members, who meet on a monthly basis. This Group helps to shape the housing service, having input into various plans and strategies, as well as quarterly performance monitoring. As well as TPG, there are separate forums for sheltered housing tenants, leaseholders and those with a disability who meet on a regular basis to discuss specific issues.

**Tenant Scrutiny** - In 2013 the housing service embarked on a campaign to get tenants and leaseholders involved in tenant-led scrutiny, offering independent training and support through the Linchpin Project (a community interest company). On the success of this, the service now has a fully active scrutiny panel consisting 20 members. Their aim is to scrutinise particular aspects of the service to ensure that it provides value for money and put forward recommendations for improvement to the Housing Portfolio Holder and TPG. The value for money analysis undertaken annually through Housemark and the quarterly performance monitoring (see point 3.8 below) are used to inform the activities of the Tenant Scrutiny Panel and the Council's Scrutiny & Overview Committee.

**Scrutiny and Overview Committee** – consisting 13 non-Executive members who monitor the performance of the Leader and Cabinet and scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement. Activities of the Committee are published annually in the Scrutiny Report.

**Internal Audit** – supporting the council to combat fraud, champion good governance, improve efficiency and reduce the risk to the public purse. The Council's Internal Audit service is provided in-house and is provided within a regulatory framework and in accordance with professional standards. The Annual Audit Plan sets out a rolling programme of audit activity which is driven towards providing an independent opinion on the adequacy and effectiveness of the systems of internal control in place. Following completion of the plan, an overall assurance statement is provided on the work that has been undertaken which forms part of the Council's Annual Governance Statement.

**Communication** – we believe that access to information and transparency is essential to enable scrutiny of our service. All our performance information and key decisions are published on our website as well as key information reported to tenants through the twice yearly Tenants & Leaseholders Newsletter. Progress on the 'Local Offers' and performance information are reported in the Annual Report to Tenants.





This also includes a Value for Money Statement setting out how we spend the rental income received, what we have achieved and the added value we have provided to tenants over the year.

### 3.8 PERFORMANCE MANAGEMENT

All performance management information is reported to both **HSMT** and **TPG** and is available on our website and published within the Annual Report to tenants. High level performance management is considered by **EMT**.

The aim of the housing service is to be within the top quartile of performing councils, assessed via the Housemark benchmarking system.

**Performance Monitoring** - key performance indicators are measured against robust targets which are set to reflect previous year's performance and any new changes arising from internal and external policy shifts. The targets are agreed by HSMT and performance compared against other housing providers using the Housemark benchmarking system.

**Core Benchmarking** – as members of Housemark, we participate in the annual comparative cost and performance benchmarking that provides an in-depth analysis of housing management and maintenance costs, as well as costs associated with overheads and core performance indicators. This information is assessed against other housing providers to give an indication on how well we are performing in comparison.

**Satisfaction** - In 2014 a rolling programme of tenant satisfaction surveys was implemented to ensure we have a robust evidence base which is accurate, timely and provides relevant information, enabling officers to be proactive in targeting areas for improvement.

**Complaints Monitoring** - the Affordable Housing complaints procedure was reviewed in 2013 to take account of designated persons and to ensure there is a robust system in place to capture complaints and respond in a timely manner. Complaints are monitored on a quarterly basis detailing the types of complaint, response times and lessons learnt.

**Service Reviews** – As part of our performance management and service planning, each year two service reviews will be identified to assess the efficiency and performance in specific areas within the following services:

Service Areas	Specialist Teams
Housing Services	Housing Management Neighbourhood Support Tenancy Fraud Supported Housing and Assistive Technology Leaseholder Services and Property Sales Gypsy & Traveller Management
Property Services	Capital Improvement Programme Responsive & Void Maintenance Management Disabled Adaptations Warm Homes



Service Areas	Specialist Teams
Housing Advice & Options	Housing Advice Homelessness Team Choice Based Lettings
Housing Strategy & Development	Development enabling function Council new build programme Housing Strategy and Policy Resident Involvement and Tenant Scrutiny Performance & Data Management

Reviews will be undertaken internally, in co-ordination with both internal audit and tenant scrutiny.

**Staff Performance** – to ensure staff are equipped to have the right skills and capacity to meet their full potential and the needs of the service, Performance and Development Reviews are undertaken twice yearly for each member of staff, as well as regular 121 meetings. As part of the annual Review, staff are assessed on their performance and how they meet the Council's values. A Learning and Development Plan is then agreed to identify areas for further training and/or personal development.

**HCA4: Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.**

- 3.9 **Financial Management** - internal housing finance meetings for budget holders and finance staff are held on a frequent basis to monitor progress on expenditure throughout the year and to realign budgets to make best use of resources within the approved budget. As part of the Annual Report a Value for Money Statement will be published detailing how we have spent the income received in the previous year.

Through the annual Housemark Core Benchmarking Report we are able to analyse our costs compared to other housing providers. This analysis, together with performance management information, provides tangible evidence that informs key projects and service reviews to be taken forward within the annual service plan.

- 3.10 **Procurement** – In assessing value for money in procurement, the Council will take into account the following criteria of sound management (balancing immediate need against whole life costs and quality), environmental responsibility and the promotion of sustainable communities. In most cases, the Council will seek the 'most economically advantageous contract' and make a balanced judgment between price and quality.

Contracts up to a value of £25,000 (that are not awarded through our approved contractor framework) are let through a quotation process. Contracts above £25,000 are let by our formal tender procedure and if they exceed the EU thresholds, are subject to the Official Journal of the European Union (OJEU) regulations.

- 3.11 **Budget Setting** – The revenue and capital estimates for both the general fund and the Housing Revenue Account are approved by Council in February each year and provide details of the planned expenditure and income. The Director of Housing, together with the Heads of Service, put forward the proposed budget to EMT prior to formal approval by Council. Budgets are set in line with the key objectives identified within the Corporate Aims, Affordable Homes Service Plan, the HRA Business Plan,



Housing Strategy and its subsidiary strategies. The Statement of Accounts is published annually on the Council's website.

- 3.12 **Asset Management** – we have a robust process in place to ensure that the council housing stock meets the needs of the tenants and the wider community and that properties are:
- In good physical condition
  - In the right location
  - Of a design that meets current standards
  - Sustainable and Energy Efficient

Our approach to asset management is set out in the Asset Management Strategy, HRA Asset Sustainability Policy (Disposals and Acquisitions) and the Non Traditional Constructed Properties Policy.

## Section 4: Conclusion

- 4.1 Section 3 above identifies the different components of governance, performance management, scrutiny and financial management which provide a robust framework to ensure we have a continuous process of improvement that provides value for money to our tenants and residents. Fig 1 below illustrates the integrated approach we have to value for money and how this links to our strategic priorities and objectives.
- 4.2 In conclusion, the components within the framework are based upon two principal drivers towards achieving value for money:
- **Understanding where we are currently** (through benchmarking, performance management, service reviews, scrutiny and internal audit)
  - **Reviewing what we do** – i.e. constantly analysing the above and reshaping the service so as to achieve the best outcomes for our tenants.



Fig 1: Framework for evaluating Value for Money

