

Value for Money Self-Assessment. Housing Hartlepool 2013.

This self-assessment statement defines our strategic approach to VfM, references the cost and quality information that we use in our assessment and describes our approach to reviewing those areas we want to improve our services to customers.

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Developing our approach to value for money

Our Value for Money strategy has been formulated by the Board and the delivery of the targets will involve the entire organisation's staff. The strategy is supported by a Board Sponsor and a Project Group, whose aim is to fully embed a culture in which value for money is simply 'the way we work'.

The Value for Money strategy has been developed with customers through the Involvement and Empowerment Framework and work continues to ensure that it delivers the Group's aspirations i.e. to have a VfM framework that is transparent and accessible to all tenants.¹

We continue to provide information to our customers around our service performance and the costs of our business in regular newsletters and annual report. Our Tenant Scrutiny body continues to review, challenge and add value to the services we provide.

The Board receives an annual update on progress against the Value for Money strategy and this is supported by regular updates on progress for strategies within the Strategy Bookcase.

The Board also looks in detail about how we perform and our costs as compared to other organisations. This benchmarking approach has developed over the last year so that both Housing Hartlepool and Tristar Homes can compare cost and quality of services against each other.

The Vela Business Strategy

Vela has an up-to-date Business Strategy that clearly states its objectives for the period 2012-17.² This is the high-level document that describes our vision for Vela in 5 years' time, and outlines how we anticipate the products and services we provide and the markets and customers we serve will change and grow to realise that vision. This strategy provides the road map to how the Group will achieve those ambitions whilst continuing to deliver good quality services to its tenants and the community. The fulfilment of the strategy will add value to local communities which are experiencing economic uncertainty and social difficulties whilst at the same time enable the Group to achieve its broader objectives and a robust diversified stability. The six themes of the strategy are:

The Delivery of Key Existing Services. Our Aim: To ensure the services we provide remain relevant, exceed expectations, and represent Value for Money.

Expanding the group. Our Aim: The Vela Group will increase its size and extend its geographical reach with the incorporation of at least one other 'medium sized' Registered Provider.

Shaping places. Our Aim: To build or acquire at least 2,500 sustainable homes in the next five years.

Creating communities & changing lives. Our Aim: To invest in services and support to communities that help the sustainability of areas in which we operate, and the well-being and life opportunities of our customers.

Resourcing the future. Our Aim: To fund the strategic aspirations of the Vela Group, whilst remaining financially viable.

Developing the organisation. Our Aim: In order to achieve the ambitious objectives of the strategy, the organisation will have to change.

¹ Progress reported in January 2013

² Business Strategy agreed April 2012

Our key business driver is not to make shareholder profit in the same way as companies that are purely commercial. Rather, it is to deliver value for money in meeting our social objectives and to unlock the financial capacity of our assets to help deliver them. In order to ensure value for money to our customers and deliver efficiencies, we must ensure that the procurement of goods and services protects our business against the worst impact of the economic environment and maximises the efficiencies we can gain – including those services we deliver in-house.

The Business Strategy is owned by the three companies within the Vela Group – Housing Hartlepool, Tristar Homes and Vela - and has been developed in consultation with engaged customers and staff. It communicates how the Vela Group will both achieve its growth potential and fulfil its mission of ‘shaping places, creating communities and changing lives’.

A copy of the Business Strategy can be found on our website.

Linking the Business Strategy to overall service delivery

The Business Strategy is delivered through an agreed suite of strategies (the Strategy Bookcase) each of which outlines the outcomes and resources required to ensure that they are achieved.³ The resources available to support the objectives are outlined in the organisation's financial plan which is regularly reviewed and has been scenario tested⁴.

The Value for Money Strategy

In order to ensure services are delivered in the most cost effective manner, an up to date VfM strategy is in place that contains realistic targets which are supported by detailed action plans⁵.

This strategy outlines a clear direction and an operational framework around the Group's approach to VfM. It provides for a consistent approach to the principles in obtaining VfM, in delivering efficiency and in promoting best practice in VfM across the Group; taking into account the impact of the wider operating environment, the economy and the regulatory framework.

For the Vela Group value for money is about delivering our social objectives and business strategy in the most cost-effective way possible. This does not mean ‘services on the cheap’ because our business is based on achieving a balance between the social, economic, environmental and financial outcomes for the communities in which we work.

To help make sure that we do this we have a rolling programme of service reviews that start off by looking at whether or not we are delivering the right services, at the right cost and in the right way. This is supported by a strategy for making sure that when we buy any works, goods or services we get the best deal possible in terms of quality and price.

Making sure that we are delivering all of our services in the most cost effective possible means that we can deliver more in terms of those priorities identified by the Board and our tenants; improving services, building new homes and helping in the regeneration of the communities in which we work.

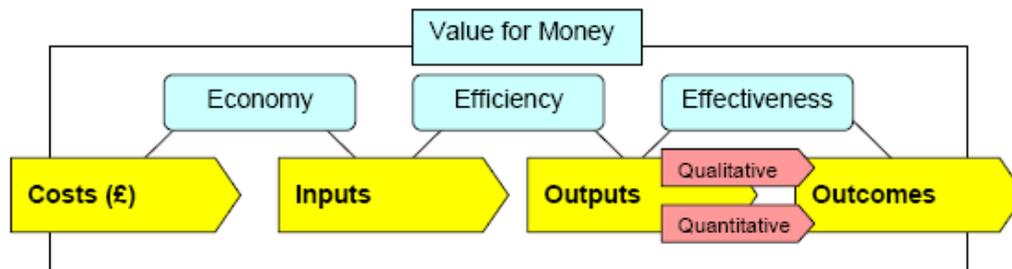
³ Individual strategies have been approved by the Board

⁴ Vela Financial Plan is set by the Board and reviewed by Finance and Audit Committee

⁵ Value for Money Strategy update presented to Board in January 2013

What do we mean by Value for Money?

At its most basic Value for Money can be described in terms of the three E's - economy (the price paid for what goes into a service), efficiency (how much we get out of what is put in) and effectiveness (the impact achieved).



In practical terms this is about delivering the right product, at the right quality, for the right price to deliver the right outcomes.

The underlying principles for Value for Money

The strategy outlines the vision for VfM, reinforces the approach, and outlines the environment in which the Group operates. It describes the fundamental principles that underpin VfM and demonstrates how the strategic objectives will be delivered:

1. That there is a commitment to a mixed economy of service provision, including in-house teams and external providers;
2. That appropriate levels of administration and monitoring be applied to ensure effectiveness of decision making and good governance;
3. That we employ robust performance management and risk management techniques to safeguard the Group, the landlords, customers and stakeholders;
4. That we use Information Technology to support the business to improve efficiency and employ it where there is a clear business case and sustainable cost and service benefits;
5. That quality as well as price and 'community benefit' should feature in procurement evaluations in proportions appropriate to the works, goods or services being procured;
6. That in determining our priorities for VfM we explore/determine the wider community benefits
7. That VfM decisions document the anticipated benefit on the local economy and recognise that working with local providers can deliver benefits in terms of sustainability, whilst recognising that such decisions need to be balanced against the cost;
8. That VfM decision should reflect the Groups commitment to Equality and Diversity as expressed in the E&D Strategy;
9. That we should be open, transparent and accessible in terms of VfM decisions.

Setting our efficiency target

The Board have been very specific in setting an efficiency target - to reduce the budgeted Housing Management and Resources costs by at least 3% per year for the period 2012-15,

as well as deliver specific efficiencies, such as those that can be achieved from the procurement of the investment works⁶. In 2012-13 the 3% target was exceeded:

| 2012-13 | Target | Actual |
|-----------------|---------------|---------------|
| Non- pay | 361,213 | 841,119 |
| Pay | 670,787 | 823,392 |
| Total | 1,032,00 | 1,664,511 |

The increased financial capacity derived from efficiency savings is used to fund the objectives within the business strategy particularly those relating to development, regeneration and improved services.

A set of assumptions agreed by the Board is applied when appraising new development schemes and the financial impact of a new development scheme on the overall business plan is considered by the Board before it commences. All new build schemes are financially appraised and can only proceed if cumulatively the overall Development Programme achieves a moderate to strong viability threshold.

Individual schemes are generally tendered or are negotiated based on recent tender performance. Cost consultant services are used across the entire new build programme. Where necessary value engineering is employed to reduce tender sums and on some occasions it has been possible to combine more than one site for cost efficiencies. The Group recognises that we are now beginning to experience some upward cost pressures due to market recovery and skills and materials shortages and this will increase the challenge of achieving value for money improvements.

Across the Group Vela has built 717 new homes since December 2010 and Vela has plans to develop another 1,453 homes between 2013-2017. In order for the schemes to be developed, grant of £14.3m is anticipated; plus there are anticipated sales proceeds of £14.3m.

Return on assets

It is expected that Registered Providers should understand the return on their assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options. This includes the potential benefits in alternative delivery models – measured against the organisation’s purpose and objectives.

⁶ Value for Money efficiencies included in overall financial reports

Housing Hartlepool recognises that to help fund the business strategy we need to generate profit through the effective use of our assets as well as being operationally efficient. We are working on making sure that we can accurately assess our return on all of our assets. For our rented housing the return is:

| Tenure | 2012-13 | | | 2011-12 | | |
|---------------------------|--------------------------------------|-------------------------------------|----------|-------------------------|------------------------|----------|
| | Operating Surplus ⁷ £m | Capital Deployed ⁸ £m | Return % | Operating Surplus £m | Capital Deployed £m | Return % |
| Rented | 4,299 | 114,388 | 3.8 | 1,122 | 105,529 | 1.1 |
| Total (Rented plus other) | 7,409 | 119,505 | 6.2 | 2,371 | 109,481 | 2.2 |

This suggests that Housing Hartlepool is making a modest and improving return on the assets.

Asset Management Strategy

The organisation has an up to date Asset Management Strategy⁹ that covers a rolling 30 year period and feeds directly into the company's Business Financial Plan that identifies the resources required to sustain all existing homes in ownership and management.

This Asset Management Strategy makes provision for all the resources and investment needed to maintain and refurbish all homes to a "Decent Homes Plus" standard, and to "sweat the assets" including appropriate conversions and alterations. The plan also includes for providing innovative solutions such as renewable technologies to sustain tenancies and ensure homes are affordable long term.

Performance management

In 2012-13 the organisation reviewed the performance management framework and this ensures that overall performance is measured against the desired outcomes expressed in the Business Strategy and Financial Plan¹⁰.

Housing Hartlepool regularly benchmarks its operating costs against Tristar Homes and other social housing providers¹¹ and benchmark data is obtained via Housemark Benchmarking and peer reviews involving similar organisations. Where costs appear to be significantly different from similar organisations then further investigations are undertaken to identify the underlying reasons and if savings can be obtained, as a result of delivering the service more efficiently, then actions are taken to reduce operating costs.

How does Housing Hartlepool compare with other providers?

At its highest level the Housemark report provides a "Value for Money summary" for Housing Hartlepool. This can be seen as the top level analysis as it compares cost, performance and quality (usually measured by satisfaction) for the various business activities

⁷ Source = Note 2 to Financial Statements 2012-13 "Operating Surplus – Social Housing Activity"

⁸ Source = Note 11 to Financial Statements 2012-13 "Cost of Property"

⁹ Asset Management Strategy agreed by Board June 2012

¹⁰ Performance Management Framework agreed by Board April 2012

¹¹ Housemark reports were presented to the Boards in April 2012

For Housing Hartlepool the high level value summary for 2011-12 is shown below, along with what we intend to do in some areas that require further work. This summary combines the result of what we know about our costs, our performance and is combined with what we have been told about satisfaction with our services. More detail is provided later within this self-assessment.

The summary shows:

| Area | Overall performance | What we are doing with the information. |
|---------------------------------------|--|---|
| Responsive repairs and void works. | Higher than average performance and higher than average cost | At Housing Hartlepool the repair standard was agreed with customers and includes a higher level of same day repairs |
| Rent arrears. | Higher than average performance and lower than average cost | Performance remains strong with a good balance of prevention V enforcement |
| Anti- social behaviour. | Below average cost – data set incomplete regarding performance | We will make sure that we have completed the dataset by March 2014 to allow accurate comparison. However we note that there remains strong performance on 24Hr responses and satisfaction |
| Major works and cyclical maintenance. | Higher than average performance and lower than average cost | We continue to perform strongly in this area with good asset management |
| Lettings | Average performance and higher than average cost | We continue to part of the Compass allocations scheme operating in across the Tees Valley. Service area to be covered by future review. |
| Tenancy management. | Higher than average performance and higher than average cost | We will review the tenancy management service and look at why the costs are higher |
| Resident Involvement. | Higher than average performance and lower than average cost | We continue to support the Involvement structure and Community groups bringing added value to the organisation through better services |
| Estate Services. | Higher than average performance and lower than average costs. | We continue to monitor and review service standards in this area with our customers |

Knowing and understanding our costs

In 2011-12 Housing Hartlepool's total operating cost were £28.813m

Cost per property

To help Housing Hartlepool to make best use of the information we look at how much it is costing for each service and this is expressed as either a total cost per property or a direct cost per property.

The following table shows:

- Total cost per property (TCPP) – this includes direct employee costs, non-pay costs and overheads such as Information Technology, Human Resources and Financial Services.
- Direct Cost per property (DCPP) – direct employee costs and direct non-pay cost but not overheads.

- How we rank against 28 similar housing associations.
- If we are in the top 25 per cent (top quartile) in the middle (median or average quartile) or the bottom 25 per cent (lower quartile).

This allows us to determine how we are performing over time, compare with others and helps us to decide where we may need to look more closely to determine if we are delivering value for money.

| | | 10/11 | 11/12 | RANK 11/12 | QUARTILE 11/12 | Provisional 12/13 |
|---------------------------|--------------------|--------|--------|---------------|-------------------|----------------------|
| Housing Management | T CPP | 443.14 | 426.95 | 21 | Lower median | 388.52 |
| Housing Management | Total D CPP | 269.15 | 256.93 | 16 | Lower median | 237.68 |
| Rent Arrears & Collection | D CPP | 56.6 | 53.32 | 5 | Upper | 60.27 |
| Resident Involvement | D CPP | 47.11 | 36.83 | 18 | Lower median | 29.2 |
| Anti-social Behaviour | D CPP | 32.68 | 33.59 | 7 | Upper | 25.17 |
| Lettings | D CPP | 60.22 | 60.82 | 26 | Lower | 72.64 |
| Tenancy Management | D CPP | 72.54 | 72.36 | 27 | Lower | 50.39 |

The 2013-14 our service review programme is planning to look at the following areas with a view to ensuring that we have the right balance of costs and quality, taking into account customers views about the levels of service they receive:

- Tenancy & Estate Management
- Lettings
- ASB

The outcome from the service reviews will be reported through to the Board and also with the Tenants Consultation Panel.(TCP).In the last year we have had the support of the Scrutiny panels in working with us on service reviews such as empty homes and adaptations.

| Responsive repairs and Void repairs T CPP | 10/11 | 11/12 | RANK 11/12 | QUARTILE 11/12 | 12/13 |
|--|--------|-------|------------|-------------------|--------|
| Responsive & Void Repairs | 946.27 | 984.5 | 27 | Lower | 789.65 |
| Responsive Repairs Service Provision | 511 | 582 | 28 | Lower | 429.57 |
| Responsive Repairs Management | 205 | 198 | 29 | Lower | 139.79 |
| Void Works Service Provision | 184 | 169 | 3 | Upper | 191.66 |
| Void Works Management | 46 | 35 | 14 | Upper median | 28.64 |

We are intending this year to review the repairs service and the repairs offer with Customers recognising that this is a key service, we want to retain satisfaction levels, if not improve whilst at the same time reducing our costs for the service.

| Major works and cyclical maintenance TCPP | 10/11 | 11/12 | RANK 11/12 | QUARTILE 11/12 | 12/13 |
|---|----------|----------|------------|----------------|--------|
| Major Works & Cyclical Maintenance | 1,328.17 | 1,527.13 | 8 | Upper median | 1215.5 |
| Major Works Service Provision | 949 | 1,172 | 9 | Upper median | 824.55 |
| Major Works Management | 175 | 159 | 23 | Lower quartile | 87.34 |
| Cyclical Maintenance Service Provision | 159 | 152 | 9 | Upper median | 220.84 |
| Cyclical Maintenance Management | 46 | 44 | 15 | Upper median | 82.77 |

We continue to invest in our homes using a combination of external contractors and our own investment teams ensuring that value for money is a key consideration in our approach. Satisfaction levels for this area of work remain high.

Overheads.

Overheads are the often referred to as the 'back-office' functions and include office premises, information and technology, financial services and others functions such as human resources.

Housing Hartlepool's Housemark report has highlighted that:

| Overhead | Quartile | What we are doing with this information |
|---|--|--|
| IT and communications | Bottom quartile 25 out of 28 organisations | Housing Hartlepool has an old ICT system and has been operating with contracts that were agreed before we became part of the Vela Group. We have a revised ICT strategy that has brought services in house, and created our own infrastructure. By doing this we will improve the efficiency and accessibility and in 2014-15 deliver savings of 7.12% |
| Office premises | Middle quartile. 11 out of 28 organisation's | We have agreed a Vela wide accommodation strategy that will make our services more accessible, improve operational efficiency, promote a more flexible way of working and produce savings of £12.8m over a 30 year period. |
| Financial services | Middle quartile. 11 out of 28 originations | In 2012-13 we carried out a service review in two key areas – reducing costs |
| Other overheads or 'back office services' – such as human resources | Bottom quartile 21 out of 28 organisations | These will be included in the 2013-14 service review programme. |

Overall satisfaction with the service provided by Housing Hartlepool

Housing Hartlepool has a strategy for measuring overall satisfaction with our services and this allows us to determine whether or not we are achieving a balance between what we are paying for services and what we are achieving with the money that we are spending. Every three years we carry out a borough-wide survey and in summary the results show that:

- ✓ Overall satisfaction with the service is above the national average and in the top ten per cent.

- ✓ Satisfaction with the repairs and maintenance' is above the national average and in the top ten per cent.
- ✓ Taking views into account' is above the national average.

The survey suggests that Housing Hartlepool's tenants are pleased with their homes and the services provided by their landlord. The high levels of tenant satisfaction are demonstrated in the following key findings from our 2011-12 survey (2007 results in italics).

- 91.7% of tenants are satisfied with Housing Hartlepool as a landlord. (89%)
- 91.7% of tenants are satisfied with the overall repairs and maintenance service. (90%).
- 91% of tenants are satisfied with the overall condition of their homes. (89%)
- 85% of tenants are happy with the neighbourhood in which they live. (82%)

A more detailed review of the survey suggests that to improve overall satisfaction three key areas will need to be addressed:

- Why are some areas of the town slightly less satisfied than others – Dyke House, Burbank and West View – although ratings are still in the range 80%-90%?
- Why are some older respondents slightly more satisfied than younger respondents?
- Why are some older respondents, particularly those in sheltered schemes slightly less satisfied than they were in 2007?

These questions will be considered in detail when we are carrying out our service reviews and our next survey is now underway and will report back in early 2014..

How are we performing?

As well as knowing our costs we need to understand the relationship between what we are paying for an individual service and what we are getting for what we are paying. To help Housing Hartlepool look at how it is performing we measure ourselves against a number of national benchmarks. How we are doing is shown below along with comments about how we are making best use of the information.

| Quartile Key | | | | | | | |
|---------------|----------------|--------------|--------|--------------|----------------|-----|---------|
| | Upper Quartile | Middle Upper | Median | Middle Lower | Lower Quartile | N/A | No Data |
| Valid dataset | | | | | | | |
| Small dataset | | | | | | | |

| Major Works & Cyclical Maintenance - Performance Summary | | | | |
|---|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| % of respondents very or fairly satisfied with the overall quality of their home (General needs and & Housing for Older People- HfOP) | 100 | 92.1 | 3 |  |
| Percentage of dwellings that are non-decent | 112 | 0 | 1 |  |
| Average SAP rating of self-contained dwellings | 107 | 70.6 | 34 |  |
| Percentage of dwellings with a valid gas safety certificate | 119 | 99.69 | 101 |  |

In 2012 we changed the way we work with regard to gas safety and we now achieve 100% performance

| Responsive Repairs - Performance Summary | | | | |
|--|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| % or respondents very or fairly satisfied with repairs and maintenance (GN & HfOP) | 103 | 92.16 | 4 |  |
| Percentage of all repairs completed on time | 112 | 98.9 | 34 |  |
| Average number of calendar days taken to complete repairs | 112 | 12.14 | 100 |  |
| Priority repairs as a % of total repairs | 113 | 61.9 | 103 |  |
| Average time in days to re-let empty properties (GN & HfOP) | 111 | 20.64 | 34 |  |
| Average cost of a void repair | 98 | 1,442.94 | 12 |  |
| Units re-let during the year % (GN & HfOP) | 99 | 11.9 | 97 |  |

| Rent Arrears & Collection Performance Measures | | | | |
|--|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| Percentage of rent collected (excluding current arrears brought forward) | 108 | 100 | 15 |  |
| Current tenant rent arrears net of unpaid HB as a percentage of rent due | 88 | 1.96 | 42 |  |
| Former tenant rent arrears as % of rent due (excluding voids) | 112 | 2.51 | 99 |  |
| Gross arrears written off as % of rent due | 105 | 0.11 | 14 |  |

| Resident Involvement Performance Measures | | | | |
|---|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| Percentage of tenants who are satisfied that views are listened to and acted upon (GN & HfOP) | 103 | 81.51 | 13 |  |
| Percentage of tenants on whom the organisation has diversity information | 116 | 69.6 | 81 |  |

We have increased the percentage of tenants that we hold data on by asking for information in different ways.

| Anti-Social Behaviour Performance Measures | | | | |
|--|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| Percentage of anti-social behaviour cases resolved successfully | 107 | 90.16 | 69 |  |
| Percentage of respondents satisfied with anti-social behaviour case handling | 88 | No Data | N/A |  |
| Percentage of respondents satisfied with anti-social behaviour case outcomes | 89 | 84 | 38 |  |

We have changed the way that we collect data so that we can measure ourselves against the other organisations.

| Tenancy Management Performance Measures | | | | |
|--|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| Percentage of tenants evicted as a result of rent arrears during the year | 104 | 0.24 | 40 |  |
| Percentage of tenants very or fairly satisfied with the overall service provided | 107 | 92 | 16 |  |

| Lettings Performance Measures | | | | |
|---|-------------|--------------------------------|------|---|
| KPI | Sample Size | Housing Hartlepool (2011/2012) | | |
| | | Result | Rank | Quartile |
| Percentage of units that were vacant and available for letting at the end of the year | 114 | 0.69 | 75 |  |
| Percentage of units that were vacant but unavailable for letting at the end of the year | 114 | 1.25 | 93 |  |
| Average time in days to re-let empty properties | 111 | 20.64 | 34 |  |
| Rent loss due to empty properties (voids) as a percentage of rent due | 111 | 1.28 | 73 |  |

Scrutiny

Scrutiny takes place through the agreed Governance framework and the Boards strategic role in this is supported by tenant scrutiny groups¹². These groups assess value for money against the service promises and report their findings through the Boards and communicate their work to all tenants.

The involvement framework has an agreed action plan for improving the way in which we involve tenants in the wider scrutiny and value for money agenda.

Last year the scrutiny groups worked alongside officers with the service review programme providing insight on the customer experience of a service recipient and also making recommendations about improving the services ensuring VfM.

Service Review Programme

As part of the Value for Money Strategy all of the Group's services will be reviewed by the end of 2015 to ensure their relevance, quality and contribution to the value for money agenda. Some of the outcomes from the programme so far include:

| Service | Economy | Effectiveness | Efficiency |
|-------------------------|--|---|--|
| Adaptations | Operational savings £42k | Service improvements in time taken to complete adaptations Management costs reviewed Work brought in house reducing costs and enabling higher volume of adaptations to be complete | <ul style="list-style-type: none"> Group wide approach removing duplication Reduced waiting time Reinvested savings into the adaptation service |
| Tenancy Support | Increased expenditure by £123k pa | <ul style="list-style-type: none"> Enhanced service and access to furniture scheme supporting tenants in establishing and sustaining first tenancy. Increase in low level support | <ul style="list-style-type: none"> Reduction in tenancy failure Maximisation of rent and reduction of void costs |
| Income management | Increased resources by £31k – two posts | <ul style="list-style-type: none"> Protecting our income streams, maximising income with an effective value for money approach that also delivers excellent customer service. Minimising the impact of welfare reform whilst supporting tenancy sustainment | <ul style="list-style-type: none"> Minimising the cost of income collection Delivering consistent services which deliver the best recovery approaches for the landlords Protecting our income in the face of welfare reform impacts |
| Payroll Service Review | Reduced expenditure both pay and non-pay | - | Increased the number of people receiving payroll service -from 350 to over 700 staff - for less cost |
| Payments Service Review | Reduced expenditure both pay and non-pay | - | Reduced number of processes by 33% and increased automation, |

¹² Customer involvement and empowerment framework

| | | | |
|--|--|--|---|
| | | | resulting in more time being spent on being proactive (monitoring and housekeeping) |
|--|--|--|---|

Over the next two years Vela aims to make savings that deliver or exceed the 3% target within the Value for Money Strategy and for 2013-14 the following reviews have been identified that will be expected to generate savings that make a contribution to the 3% target¹³:

- a) Neighbourhood Management.
- b) Anti-social Behaviour.
- c) Choice based lettings.
- d) Contact.

Procurement

Since becoming part of the Vela Group in 2010 we have reviewed the procurement plan and this has produced savings of:¹⁴

| Year | 2010/11 | 2011/12 | 2012/13 |
|----------------|---------|---------|---------|
| Savings | £0.3m | £0.7m | £1.4m |

The savings resulting from the efficiency programme, service reviews and the procurement plan have been used to reduce costs, in some cases reduce service charge, to increase the scope of works and have also been reflected in budgets for 2013-14.

The on-going discussions between Vela and Fabrick are also based upon a business case that recognises the need to 'drive out' efficiencies from the business and this will be an integral part of the 2013-14 value for money self-assessment.

Financial systems

Vela has a financial system that ensures costs are accurately allocated and that the running costs of the organisation are able to be analysed. When formulating the budget the organisation's operating costs are shared with customer scrutiny panels, staff and key stakeholders so that they can be constructively challenged.

As part of the Annual Plan review process the Board consider detailed budget information, performance information and customer satisfaction data. As a result of the information available the Board and Executive team are able to better understand and influence the costs and outcomes for each service area.

Services which are traded externally have detailed income and expenditure budgets and monthly trading accounts are produced so that performances targets are delivered that generate the anticipated surpluses and/or absorb the anticipated central costs.

What value are we bringing to our community?

¹³ Board report 2.7.13

¹⁴ Savings based on new prices compared with previous costs.

The Business Strategy outlines the social value that the Group wants to bring about as part of its business activities. At its most basic this means that before starting off on any procurement exercise for goods, services or work the Group will consider and be clear about the social value outcomes that it is seeking to influence or deliver. In the next year the Group will look at how it can more effectively measure and report on the outcomes.

Vela is a significant partner in the delivery of regeneration within Hartlepool and Stockton. As part of VfM self-assessment we are seeking to better understand the social and other returns on our investment in terms our regeneration activity. We are currently working on an end-to-end long term impact assessment of our regeneration work in Belle Vue in Hartlepool; this piece of work is seeking to capture some of the outcomes from this programme in terms of the range of social, economic and environmental impacts our investment has made. This will be considered in Autumn 2013.

We invest in a number of areas that bring value to our community including:

- Our employability team working across the Group has helped 310 customers into new jobs and 459 customers into training.
- The Group has employed 58 apprentices.
- Our Money Advice Service helps customers manage debts as well as providing training and support on income management.
- Supporting a number of community partnerships - including the domestic violence partnership to support victims and work with perpetrators to prevent reoffending.
- Support residents managing community buildings where they play a pivotal role in helping communities to thrive
- Providing funding for young persons activities where young people decide which projects should be supported.

Services which are traded externally have detailed income and expenditure budgets and monthly trading accounts are produced so that performance targets are delivered that generate the anticipated surpluses and/or absorb the anticipated central costs.

What we plan to do next year

Fabrick/Vela Merger

We intend to create a new Housing Group through the merger of the two existing groups. The business case that supports this identifies that will create a benefit of £37M in the first five years. This will be re invested in line with Business Plan priorities.

Tenant Scrutiny

We have been working with customers to create a Vela wide approach to scrutiny rather than having groups based within each landlord. Not only will this reduce costs of supporting scrutiny but will also bring qualitative benefits of wider group reviews.

Welfare Reform

We continue to review our approach and impact to the challenges presented to customers and neighbourhoods. Through welfare reforms we have made provision to try and provide short term help for those impacted by the “under occupation charge” helping them financially in return for money management support, help to move and finding work.

Service Review Programme

We will continue to look at services in the programme for this year to ensure we can achieve the right balance of cost and quality. As part of the merger we will be looking to redesign services in order to help achieve efficiency savings at the same time as improving our service.

Social Value adding activities

We will continue to invest in:

- Helping our customers to overcome barriers to training and employment.
- Supporting apprenticeships and volunteering opportunities.
- Local neighbourhood initiatives through support to partner agencies.
- Empowering our involved customers through training and giving experience so they can influence service quality of their landlord but also take a bigger role in their neighbourhoods.
- A range of initiatives to tackle exclusion be that economic, social digital or financial.
- Looking at initiatives that can help reduce our carbon footprint and reduce fuel cost for our customers.
- Support and create initiatives to engage and develop young people, giving them opportunities to be involved with Housing Hartlepool, through working with Businesses in the community we can help schools using our organisational capacity.

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Vela 