



2012

VALUE FOR MONEY STRATEGY

2015

TABLE OF CONTENTS

About Us	3
Mission, Visions, Values and Personality	4
What are our Corporate Objectives	4
Corporate Improvement Themes	5
Realising Efficiency Savings	6
Accessing the Reinvestment Programme	6
VFM	7
Purpose of the VFM Strategy	8
VFM Vision	11
Definition of VFM.....	11
How VFM will Support the Corporate Improvement Themes	12
VFM AND CUSTOMER FOCUSED SERVICES.....	12
VFM AND EFFICIENT ASSETS.....	12
VFM AND EFFECTIVE PEOPLE	12
VFM AND CONTINUOUS IMPROVEMENT	13
VFM AND WELL GOVERNED AND VIABLE	13
VFM Strategy Framework	14
Strategic Approach to VFM	14
Delivery of VFM	16
Measuring VFM	17
VFM Governance	18
VFM Roles and Responsibilities	18
Social Investment	19
Tenant Involvement	19
VFM Monitoring and Reporting	21
Performance Management Framework	21
Benchmarking.....	22

About Us

livin was originally established as Sedgefield Borough Homes on 30 March 2009 following stock transfer from Sedgefield Borough Council. We are a homes and communities organisation that primarily operates in the south of County Durham, between the City of Durham and Darlington in the North East of England.

We currently own in excess of 8,500 residential properties, 2,700 garages and 60 commercial properties, currently making livin the largest Registered Provider in County Durham. In some neighbourhoods, our homes constitute around one third of the total housing stock, making us a significant stakeholder in local communities and giving us the opportunity to make a real difference to people's lives.

livin operates in a range of communities from rural villages to ex-coalmining settlements, from the new town of Newton Aycliffe to traditional industrial service centres such as Spennymoor. Poor health, an ageing population, low levels of educational attainment, high unemployment, a low skilled workforce and community isolation are all issues facing livin tenants and communities. Our structured use of business intelligence means that we are accurately informed on what and where the issues are in specific communities.

Registered Providers operating in County Durham are guided by the vision and priorities of the Strategic Housing Authority in their strategic decision making, and at livin we ensure that our corporate planning framework links with their objectives and priorities.

Mission, Visions, Values and Personality

The Coalition Government have introduced unprecedented changes to policy and legislation which have had an impact on the public and private sectors. The resultant public sector cuts, reform of social housing delivery and other external drivers for change mean that as a Registered Provider, we are now facing new priorities as we look towards a local response to the national agenda, and our focus moves to a more community based approach. This has had necessitated a refresh of our mission and vision to something which still underpins our strategic framework, but also reflects a new direction for our organisation over the next three years.

Our Missions: Working with the community at heart

Our Vision: Sustaining and growing safe, cohesive and vibrant communities through excellent customer service.

Our Values: **Fairness**
Openness
Respect
Enterprise
Value
Excellence
Reliability

Our Personality: Caring, supportive, helpful and community orientated

What are our Corporate Objectives

The commitments set out in the Corporate Plan see living engaging in a wide and challenging agenda. VFM is embedded throughout the Corporate Plan, and VFM assessments will be a fundamental part of delivering the key messages and commitments within it. This includes those centred around Customer Focused Services where 'added value' can be less tangible and measuring social impact needs to be done over a longer period of time.

To ensure delivery of this ambitious programme, despite the current squeeze on public funding and increased pressure on resources and performance, we have adopted a robust framework and strategy for delivery through the *Reinvestment Programme* to help deliver the Corporate Plan.

Our *Reinvestment Programme* seeks to realise £1.25m of efficiency savings from across all service areas over a period of three years ending 31 March 2014. The majority of these savings will be available for re-investment into the priorities articulated through Corporate Plan 2012-15.

The *Reinvestment Programme* also aims to realise ongoing efficiency savings to protect the organisation from potential reductions in rental income as the government's welfare reforms take effect, by creating the financial headroom to continue to deliver services if the income stream shrinks. The impact of additional inflationary costs of delivering important services and the delivery of key projects developed and driven by this plan.

Fundamentally, the *Reinvestment Programme* is about how we will direct resources where they are needed. Ensuring VFM is vital, whether this is through achieving Reinvestment, more for the same or the same for less.

Corporate Improvement Themes

Livin's corporate strategy is articulated through the Corporate Plan and driven through our performance management framework, which is based on the balanced scorecard has four perspectives which drive continuous improvement and have been used as the basis for our five Corporate Improvement Themes:

Theme 1: Customer Focussed Services

Theme 2: Efficient Assets

Theme 3: Effective People

Theme 4: Continuous Improvement

Theme 5: Well Governed and Viable

We consider our strategic planning framework, which was put in place in November 2009, to be a key strength. It has proved itself to be a robust framework which is still relevant today, continues to form the basis of corporate strategies and policies, and is used to fine tune our strategic direction and priorities. Furthermore, we will continue to

use the five Corporate Improvement Themes to measure performance against, and allocate resources through the Workforce Plan and Medium Term Financial Plan.

Each Corporate Improvement Theme has a number of strategic objectives aligned to them and the framework is such that the priority of these objectives may alter as influencing factors such as key strategic risks, the changing Government agenda, socio-economic factors and customer needs and aspirations change.

Realising Efficiency Savings

Each Directorate within livin has a direct responsibility to deliver and ensure the success of the *Reinvestment Programme* by reviewing costs and processes associated with service delivery, ensuring current budgetary provision is adequate to meet existing service provision but also identifying areas of spend that could be saved in respect of services/functions that are no longer a priority.

Efficiency savings re-invested into the *Reinvestment Programme* will be genuine ongoing efficiencies which will be re-invested year on year, and will be driven out through a stringent review of our largest areas of spend, identifying where our greatest costs lie, challenging current budgets and better procurement. We will also ensure that new projects are efficient, cost effective and reflect VFM.

In doing this we will be resolute in challenging traditional ways of delivering services, identifying inefficient practices and using our performance framework to drive up performance and identify where service costs and performance do not balance. If sufficient efficiencies are not realised in this way, budget cuts will be necessary.

Accessing the Reinvestment Programme

The *Reinvestment Programme* can be accessed once initiatives matching corporate priorities have been developed. All initiatives which require funding will need a robust business case which is closely aligned to our strategic objectives, and links to the priorities within the Corporate Plan 2012-15. All business cases will require Board approval before the funds are released.

There will be a non-directorate approach to the allocation of the *Reinvestment Programme* resources, and decision making will factor in key priorities, competing

demands, expectations and expected outcomes as well as risk. Business intelligence will be vital to informing the decision making process and re-investing efficiency savings effectively.

VFM

VFM is not just about reducing costs. It is about increased quality and quantity. Improving services to tenants and re-investing in front line delivery. The key principals of a VFM Gain are:-

- Reducing inputs for the same outputs.
- Reducing prices for the same outputs.
- Increasing outputs or quality for the same inputs.
- Getting proportionately more output or quality for a marginal increase in inputs.

Within VFM there is an underlying requirement to Challenge, Compare, Consult and Compete when examining alternative methods of service delivery. This allows us to improve cost, quality and performance across all service areas.

The following key areas will be focussed on as part of the livin VFM strategy:-

Performance Measurement

Benchmarking with other Registered Providers

Service Reviews/BPR (Towards Excellence Programme)

Procurement

Partnership Arrangements

The development of Social Responsibility Accounting and Social Return on Investment, with an outcome rather than output focus.

However, merely quantifying the savings produced through increased Outputs is not sufficient. The challenge facing livin is to identify and quantify the resulting Outcomes. This will invariably lead to greater collaboration between livin and other agencies. Any such collaborations will be identified as part of the Service Review Impact Assessment.

Purpose of the VFM Strategy

livin is committed to providing high quality services to its tenants. Achievement of such an objective must include effective management of the organisation's resources and the ability to demonstrate that services are delivered efficiently and provide VFM.

To support its aims and in order to ensure delivery of efficiencies, livin must embed efficiency and VFM into its service delivery culture. A robust and over arching strategy supports such an approach but the strategy must:-

Support the mission, values and vision of livin

- Ensure external resources are selected and effectively managed through effective and transparent procedures
- Ensure internal resources are fit for purpose and deliver VFM through continuous professional development of staff
- Reflect tenants priorities
- Devise and implement techniques to demonstrate efficiency and VFM.
- Obtain best possible VFM within the organisation to protect, and minimise the impact on, service delivery by ensuring all contracts have adequate business continuity planning in process.
- Support livin's Corporate Plan 2012-15 and Reinvestment Programme.

livin embraces the VFM agenda, and has established a programme of service reviews via its 'Towards Excellence' corporate improvement. Performance measures have also been introduced as part of a balanced scorecard approach. Staff working groups are in place to carry out reviews and these include Change Champions whose role includes engagement with stakeholders in order to improve services and deliver VFM, in order that we can:-

- Maximise our strengths
- Minimise our weaknesses
- Seek out ways to improve working practices
- Reduce threats through effective Risk Management

Our VFM philosophy is to:-

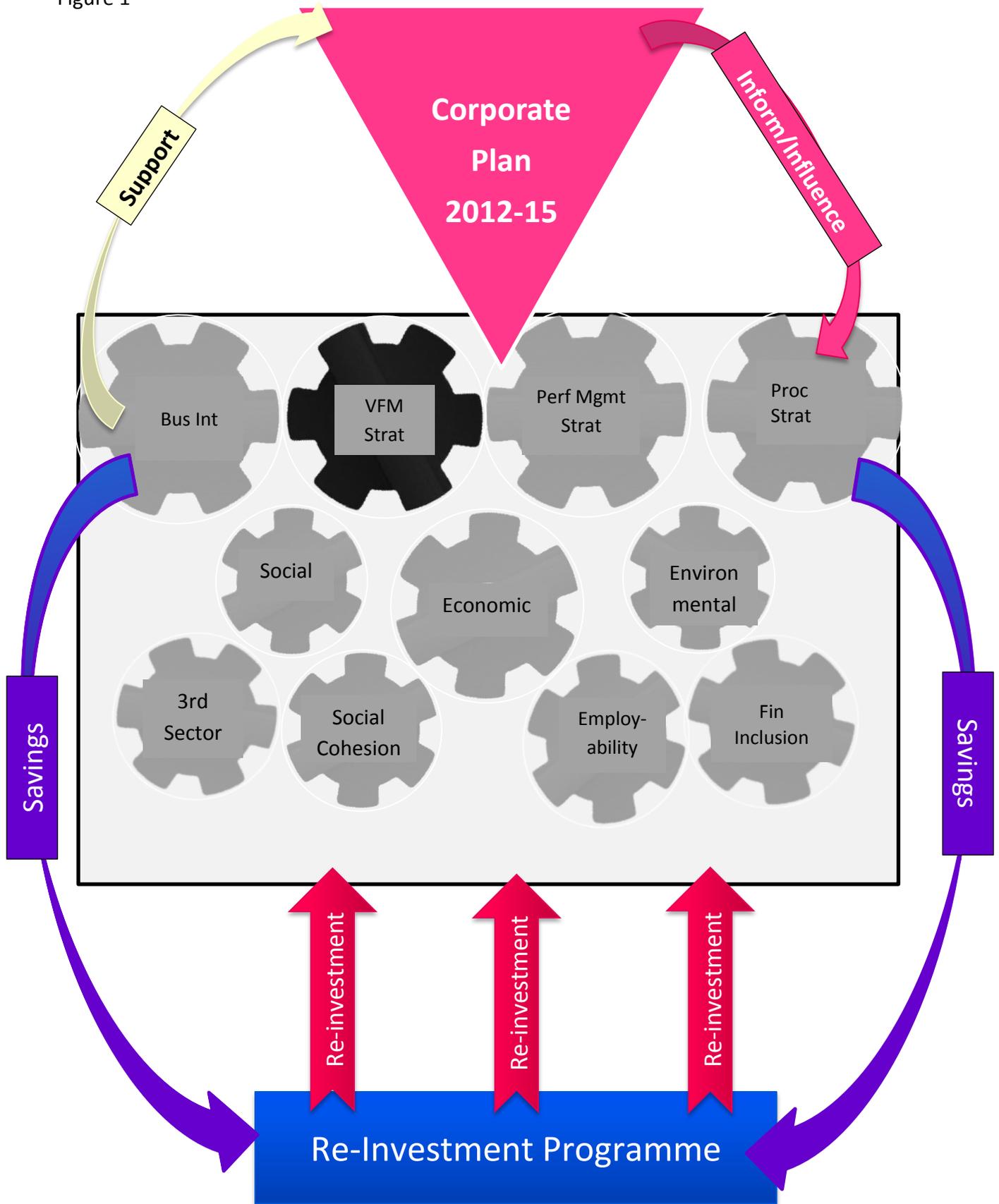
- Help embed a VFM approach to service delivery
- Identify and realise Efficiency Gains across the organisation, and provide a mechanism for measuring these outcomes, specifically incorporating Procurement Activities
- Provide links between service delivery and the organisation's Strategic Risk Register.
- Support delivery of Livin's Corporate Plan 2012-15
- Support delivery of the Reinvestment Programme.
- Embed a VFM Culture challenging spend and processes to improve VFM.

The diagram on the following page shows how differing strategies influence and support the Corporate Plan objectives:

In April 2012, the Tenant Services Authority (TSA) revised its VFM Standard. In setting the standard under s193 of the 2008 Housing and Regeneration Act, it effectively makes compliance a statutory requirement for livin.

Subsequent to the election of the coalition Government in May 2010, the abolition of the TSA was announced, to be replaced by a new regulatory arm of the Homes and Communities Agency (HCA).

Figure 1



VFM Vision

Underpinning the above, the overall vision of VFM is:

“to ensure that all activities and decisions undertaken by livin help to deliver the overall organisational objectives by demonstrating VFM and the effective use of resources, to achieve sustainable community benefits and continuous improvement in service delivery”

Definition of VFM

VFM within livin’s operational environment can be seen as the optimum combination of Whole Life Costs and Benefits to meet social, economic and environmental requirements.

VFM can be defined as the relationship between Cost, Quality and Outcomes:-

Cost is the price paid for the provision of a service

Quality a comparison of what is actually produced or performed (Output) with what can be achieved with the same consumption of resources (money, time, labour etc...)

Outcomes are a measure of what has been achieved as a result of better quality/more outputs.

How VFM will Support the Corporate Improvement Themes

The delivery of VFM within livin will interact closely with the organisation's Risk Management Process, Procurement Framework, Asset Management Strategy and Corporate Improvement Programme (Towards Excellence) and will be drawn together via a series of performance measures under the Performance Management Framework.

VFM AND CUSTOMER FOCUSSED SERVICES

Corporate Strategic Objectives:

- Improves lives, neighbourhoods and communities
- Improve Customer involvement and empowerment
- Maintain Customer satisfaction and communication

VFM and the Reinvestment Programme will allow livin to 'bend' resource into higher priority areas. Through the tenants' scrutiny panel, tenants will have the ability to influence which initiatives the organisation undertakes and what actions are taken when they see inefficient processes and practices.

VFM AND EFFICIENT ASSETS

Corporate Strategic Objectives:

- Match assets to demand
- Increase sustainability of homes and tenancies
- Improve homes

livin's Asset Management Strategy defines which properties will receive investment, and those which are deemed to be in-efficient or no longer viable. VFM is a key consideration of this strategy.

VFM AND EFFECTIVE PEOPLE

Corporate Strategic Objectives:

- Increase Organisational Capacity
- Create a positive culture
- Improve employee improvement and empowerment

Effective VFM will increase organisational capacity through systems and processes reviews (Business Process Re-engineering). A key benefit in changing processes is the introduction of a new, leaner, more positive culture. Employees will be empowered through their involvement in service reviews (the Towards Excellence programme).

VFM AND CONTINUOUS IMPROVEMENT

Corporate Strategic Objectives:

- Increase Organisational Capacity
- Create a leaner, positive culture
- Improve employee improvement and empowerment

Business Intelligence has been gathered and collated to inform the 19 Neighbourhood Plans of the organisation. All outward facing policies and strategies have been Equality Impact Assessed and all staff within livin have a duty to consider Equality and Diversity in all aspects of their working lives. The Business Intelligence gathered has also been utilised in the development of livin's Key Performance Indicators which are monitored through quarterly performance clinics. Going forward, Performance Reports will be subject to review by the Tenants' Scrutiny Panel before being signed off by performance and development committee. Emerging and developing technologies will be utilised to provide new, smarter, more efficient ways of working.

VFM AND WELL GOVERNED AND VIABLE

Corporate Strategic Objectives:

- Improve efficiency and VFM
- Develop a single approach to Risk Management
- Maintain effective budget management and reporting

Considering service provision in the context of performance forces us to evaluate whether or not a service should be provided. For example, a service could be very efficient, but if the service is not required it cannot be said to provide VFM, and withdrawal of such a service should be considered.

All major purchasing decisions will be supported by a Business Case, which will incorporate where appropriate a Make v Buy analysis, thereby ensuring VFM is a key consideration in the procurement of goods and services.

VFM Strategy Framework

livin's Corporate Themes will help ensure that VFM is fully integrated into the planning and performance management framework of livin. This framework will include:-

- Regular Budget Reviews
- Regular reviews of assumptions within the Business Plan
- VFM considerations in all reports and strategies to the board
- Cost/Benefit analysis on all new initiatives and Benefit Realisation reviews
- Benchmarking with other Housing Associations
- Production of the Annual Efficiency Savings Statement for inclusion within the Self-Assessment Compliance Statement
- Production of the Annual Self-Assessment for Board
- Performance Monitoring
- Service Reviews with consideration given to sharing, merging and outsourcing
- Tenant Consultation and Reporting
- Strong Governance

Strategic Approach to VFM

It is a primary requirement of livin's regulatory body, the TSA, that the organisation be well governed and viable. Further to this, on 2nd November 2011 the organisation rebranded to become livin, adopting a new approach, mission, vision, values and personality. Linking the new brand with the development of the new Corporate Plan priorities requires livin to continue to allocate it's resources to provide optimum benefit that will require further cultural change to create a more commercially aware organisation. VFM can be a key tool in aiding this shift.

livin are committed to the delivery of key services through the use of strategic partners. The engagement of Partners is seen as a mutually beneficial arrangement. In November 2011, Board agreed to extend the Mears repairs and maintenance contract by two years and also awarded the grounds maintenance contract to Durham County Council, both strategic partners for the organisation. VFM was a key consideration in these decisions.

An important element of meeting our vision is to ensure that we are operating in a well organised and successful way.

It is vital that all members of staff within the organisation clearly understand how important Efficiency Gains and VFM are:-

- In helping livin meet new challenges e.g. the impact of the proposed Welfare Reform Bill
- In the delivery of on-going and new services to tenants
- The development of new homes and improving the quality of existing ones; and
- To the organisation's future financial viability

Business Intelligence has been identified as a Corporate Strategic Objective under Continuous Improvement. The use of Business Intelligence by all staff ensures that livin is applying sound decision making based on evidence and consideration. Additionally, the use of Business Intelligence ensures livin is forecasting change within the sector and therefore planning how to respond in a measured way. All of this ensures that resources are directed to where evidence shows it is needed and indeed could be required in the future.

Neighbourhood Plans (Improving lives, neighbourhoods and communities strategic objective) again embed into the organisation a strategic approach to ensuring resources are directed to where they are most needed, hence maximising VFM.

The Senior Management Team (SMT) is responsible for the strategic implementation of this process within their Directorates, and across the key Strategic Themes. They are supported by Extended Management Team (EMT), who are responsible for operational aspects.

Delivery of VFM

The Corporate Plan details livin's framework for achieving its strategic objectives and aims and is supported by the Towards Excellence programme. The Corporate Plan and Corporate Improvement Plan feed into the VFM process as detailed below:-

Four main elements to the achievement of VFM:-

- Part One** A desk top exercise to carry out the strategic, high level challenge of the efficiency of services. This review identifies services which will benefit from further investigation through a Cost v Benefit benchmarking exercise ('Can Opener'). A spend analysis will be undertaken to aid in this process.
- Part Two** A review and assessment of detailed service management information to identify, prioritise, deliver and record Efficiency Gains.
- Part Three** Proactive management to deliver the Efficiency Gain, and target resources to improve service delivery.
- Part Four** On-going operational processes to ensure all Efficiency Gains are captured, recorded and reported.

The four elements outlined above will be in continuous operation.

Procurement and Partnerships

Obtaining goods and services at the best price is essential to VFM. This will be obtained via effective and efficient procurement activities through the following:-

- Competitive Tendering
- Use of quotes for all services
- Use of Procurement to place contracts for Bulk Purchases
- Collaborative Partnering Arrangements to gain Economy of Scale and purchasing power
- Maximise spend under controlled contract conditions (thereby reducing uncontrolled ad-hoc spend)

It is increasingly important to work in partnership to achieve greater purchasing power and remove administration burdens. livin will continue to work with our strategic

partners to jointly procure other services to ensure the on-going benefits of working together.

Types of Efficiency Gain

There are four types of Efficiency Gain:-

Realisable Gains – The actual cost of the gain can be identified and released and invested in another service.

Unrealisable Gains – Where the service is enhanced within resource levels, such as the reallocation of the staffing resource

Cashable Gains – Gains which release cash

Non-Cashable Gains –Gains which do not release cash. A prime example is staff time.

Measuring VFM

Where appropriate, areas identified as possible Efficiencies will be assessed against previous periods costs or performance. A reduction in costs, increase in revenues/surpluses or improvement in quality will represent a Gain (subject to the above criteria).

All gains will be identified, assessed and quantified by the relevant section, and reported back to the Financial Services section for inclusion on livin's Efficiency Statement, which is reported to Board for evaluation and approval on an annual basis.

Following the fundamental review of livin's performance suite, 10 performance measures have been introduced which will be used to drive VFM efforts across all areas of the business. This is a key requirement of the emerging Economic Regulation approach currently being proposed by the HCA and is a necessity if livin is to find the resources to fund additional services or enhance existing ones.

The Efficiency Register will be inspected by the HCA.

VFM Governance

The driving force behind cost efficiency is the removal of waste. This saves time and money, providing the resources for service improvements.

The new TSA standard is radically different from the previous standard. Its objective is to ensure providers' board's maintain, and are transparent about, a view in the round of the optimum sustainable performance of all their assets to meet their organisation's purpose and objectives.

All tenants should be offered the opportunity to be involved in the management of their housing. This gives them the opportunity to not only improve services, but also offer choices in service provision and influence strategic priorities.

Tenant Participation is therefore viewed by livin as a key requirement in its VFM Strategy.

VFM Roles and Responsibilities

All staff within livin must be aware of the need to deliver VFM in accordance with our vision and Core Values and must seek and achieve VFM in their activities, and bring to manager's attention any opportunities for improvement. Staff training and awareness raising will be required.

Heads of Service and Managers are responsible for the collation and recording of all service changes under their control, to ensure all possible efficiency gains are captured.

These changes will be reported to the Financial Services Section through the monthly Budgetary Control Process.

A proforma will be used to record all changes for inclusion within the Efficiency Register.

Executive Directors are to ensure that VFM is being actively sought and that the Board are kept up to date.

As part of the proposed TSA Standard, the Board must satisfy themselves that VFM is being achieved via the links between Performance and Financial Data.

The current TSA Tenant Involvement and Empowerment Standard requires that Registered Providers must understand their tenants needs and use this information to:-

- Design and Deliver Housing Services

- Communicate with Tenants

Social Investment

Social Investment is the process of communicating the social and environmental effects of an organisation's economic actions to particular interest groups within society and to society at large.

Social investment is commonly used in the context of business, or corporate social responsibility (CSR), although any organisation, including NGOs, charities, and government agencies may engage in social investment.

Social investment is an approach to reporting an organisation's activities which stresses the need for the identification of socially relevant behaviour, the determination of those to whom the organisation is accountable for its social performance and the development of appropriate measures and reporting techniques.

In order to measure the impact of the Corporate Plan, livin will undertake a Social Investment exercise during the early term of this strategy.

Tenant Involvement

Knowing whether our residents think that our current services are value for money is a key part of ensuring that these services do actually deliver value. We know that residents take value for money seriously. As the end users, it is important that residents believe that they are receiving the best quality and the most efficient service with the funds that are available to livin. We want to encourage all residents to be confident in expressing their views and ideas relating to value for money.

Our approach will include:-

- Communicating to residents livin's commitment to achieving better VFM;
- Awareness of the opportunities for residents to get involved further;
- Confidence and opportunity to make suggestions
- Reporting back to residents progress with VFM initiatives, including savings made and improved service quality
- Opportunities to indicate priority areas for reinvestment of savings made.
- Working closely with Tenant's Scrutiny Panel

An emphasis for residents will be the issue of shared responsibility for achieving value for money. Living staff will review processes and structures and make resourcing and procurement decisions that seek to achieve this. Tenants will be reminded that they also have a part to play through:

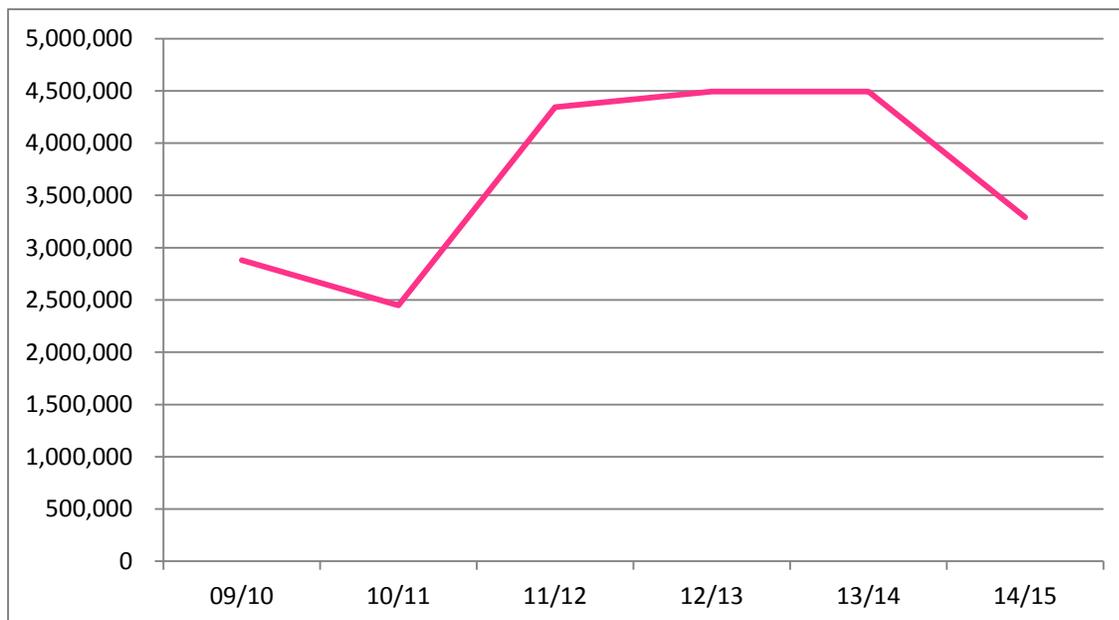
- keeping the terms of their tenancy or lease agreement
- meeting their own repair responsibilities
- ensuring that they (and their families) maintain the external environment
- reporting acts of vandalism and waste that they see

We will also seek new ideas in as many ways as possible.

VFM Monitoring and Reporting

livin uses the BRIXX Business Planning tool. This will be utilised to ensure projects are properly planned and resourced. A project will be undertaken only if it can demonstrate VFM.

The following graph demonstrates the value of VFM savings achieved to date, and expected to be achieved during the period covered by this strategy:



Performance Management Framework

livin has undertaken an early review of performance management arrangements to allow for the introduction of an appropriate and clear approach to monitor report and improve performance within livin.

All projects will be properly managed and monitored to ensure the anticipated benefits are achieved.

VFM Gains will be monitored on a quarterly basis through normal Budgetary Control meetings with managers, to ensure expected gains will be achieved, and plan any corrective action as required. Any gains which are ongoing will result in the appropriate Budget being reduced.

Gains will be reported to the Board and to the Funders of living on a quarterly basis, and to the Tenants Services Authority on an annual basis through the Self-Assessment Compliance Statement.

Benchmarking

Housemark will be utilised to benchmark against similar organisations, both geographically and business type. An initial 'Can Opener' has been undertaken, which will be used to inform the first round of Service Reviews.

Benchmarking will be undertaken annually to give an indication as to the actual cost not only of the goods and services we purchase, but also the true cost of the services we provide.

Performance Indicators are reported quarterly to the Board and Funders. Corrective action will be taken if any deterioration in PI's is detected.

The Operating Cost Index (OCI) published by The Housing Corporation enables us to assess how our costs compare with others. The OCI is considered in conjunction with other PI's to help the organisation focus on the key issues.

These outcomes will allow us to target resources toward reducing input costs, and making our outputs more effective through efficient procedures and practices. This is the essence of VFM

Resident Involvement and the opportunity for Residents to scrutinise the performance of the organisation is seen as a vital part of Service Review.

END OF STRATEGY.