



Value for Money Strategy 2010 - 2014

Foreword

St. Leger Homes is the arms length company wholly owned by Doncaster Metropolitan Borough Council (DMBC) and we are charged with managing and maintaining approximately 21,000 Council homes across the borough of Doncaster and achieving the Government's Decent Homes standard for all properties. Since the Company was set up in October 2005 we have strived to deliver excellent services to our customers, to improve our homes and neighbourhoods and to do this in the most economic, effective and efficient way. We recognise that the decisions we make and the services we deliver have an impact on the lives of our customers and the neighbourhoods they live in and we therefore endeavour to make the right decisions and deliver the right services. To embed this culture we have put in place our vision, values and seven strategic objectives to ensure our vision is realised.

In trying to be efficient we do not want to be an organisation that knows the price of everything and the value of nothing. We value: our democracy; our tenants and their diverse needs; our environment and our staff and have mechanisms in place to demonstrate each of these.

We are proud to be an autonomous and open organisation that shares with our tenants, stakeholders and partners how we spend their money and how we are making the maximum impact for the money available. This VFM strategy develops the commitments in our Business Delivery Plan and Service Improvement Plan and sets out our direction to meet our vision to deliver 'Quality Homes in Quality Neighbourhoods.

We have worked hard to develop this strategy and implement the mechanisms to deliver better services and it is now our challenge to ensure we turn this strategy into real efficiency savings that will help to improve our services further and provide an excellent service making best use of the resources available.

This Strategy Document was originally produced by Jane Davies in September 2007 and subsequently updated by Kevin Coxon in November 2009

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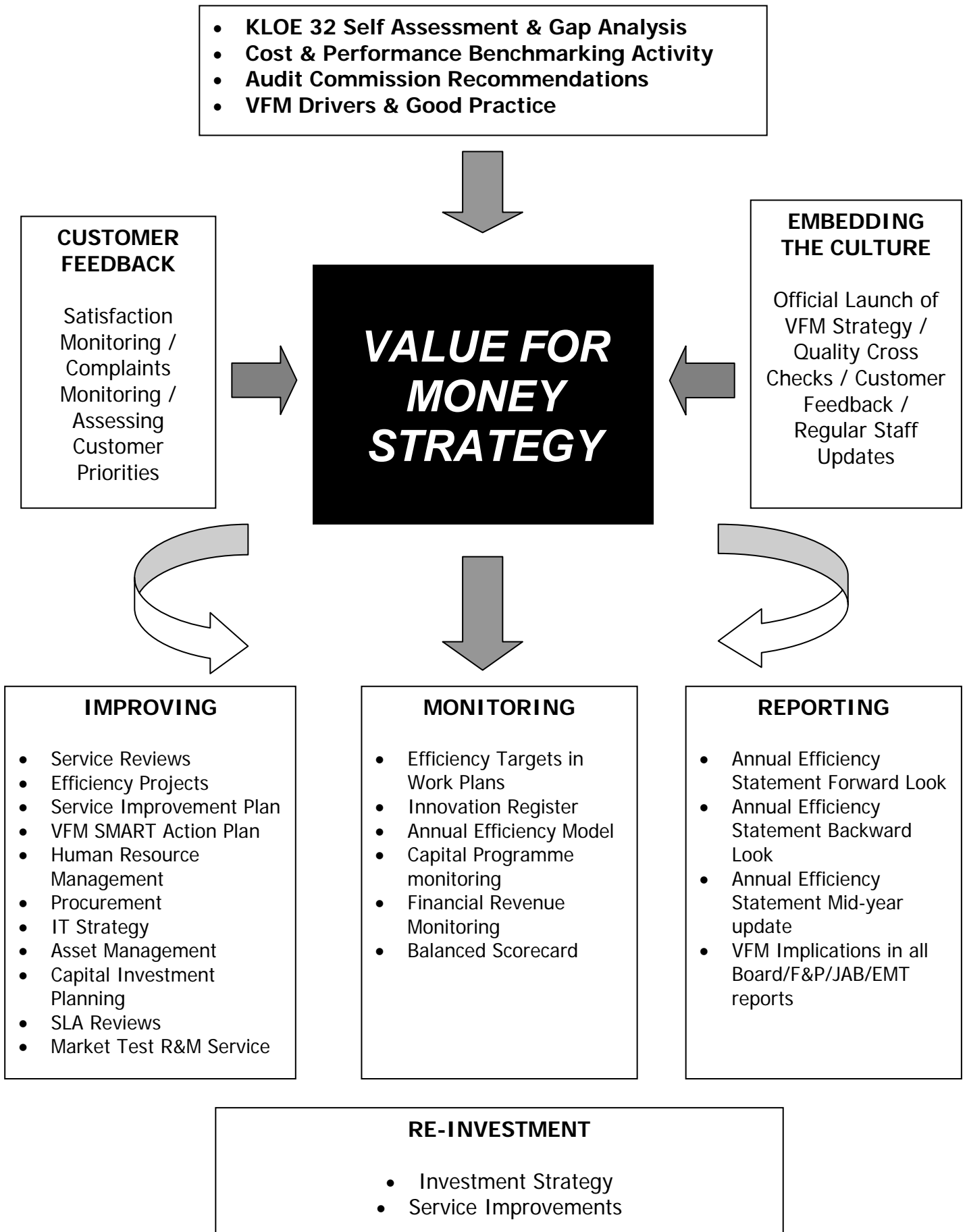
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1. Executive Summary

This strategy is intended to set a clear and unequivocal message that the purpose of VFM and efficiency is to deliver better services for our customers. Throughout this strategy we have made a number of statements to demonstrate our commitment to value for money. We have set some VFM strategic objectives and strategic priorities, which are set out below.

- To demonstrate VFM opportunities sought across the organisation and adopt best practice wherever possible and where this fits with our local context.
- To ensure that all major expenditure areas within the management fee are reviewed for VFM over a rolling programme.
- The Department for Communities and Local Government (DCLG) expect that the customer will be at the heart of the VFM agenda and the expectation therefore is that St. Leger Homes will involve its customers in; setting service standards, organisational priorities, procurement, how to involve hard to reach customers, capital works contracts, developing quality cross checks, priorities for reinvestment of VFM gains and regularly feeding back to customers information on actual performance against targets.
- Setting individual three year cost and performance forward targets across all the key areas of the business to demonstrate the route to upper quartile performance. These in turn will be built into the financial business plan to ensure that these are real targets, which help us to achieve the levels set by DMBC and are not simply aspirational.
- Benchmarking – to use the benchmarking information from Housemark and other bodies to drive costs and performance to upper quartile rankings over the term of this strategy. To use this data, to identify service areas which require substantial review, investment and improvement and use internal and external mechanisms with a clear focus on VFM.
- To ensure market testing and procurement activity in respect of goods and services offers the greatest VFM to the ALMO and its customers.
- To have annual strategic contract reviews to identify where service can be improved, efficiencies made and costs reduced.
- IT is a major contributor to improving VFM and Efficiency. St. Leger Homes will develop and take forward our IT plan, which will demonstrate how IT will be used to make the service more efficient, easily accessible and responsive to customers.

- Embedding VFM and efficiency within the culture of the organisation – including the use of a VFM and efficiency register to record evidence of achievements, and to implement VFM principles in management, planning and decision making at all levels in routine and strategic activities.
- To ensure that the allocation of resources within the business, i.e. Finance, People and IT, are in line with service priorities and that areas for improvement identified by the benchmarking results are supported by targeted investment wherever necessary.

2. VFM and the Efficiency Agenda

VFM is high on the Government's agenda and the Comprehensive Spending Review has set the public sector a new challenge to achieve 3% annual efficiencies. For Councils in England this gives a target of £4.9 bn by March 2011. St Leger Homes has been set an annual efficiency target of 5% by DMBC for the next three years.

The aim of this strategy, is to set out the approach that St. Leger Homes is taking to deliver greater VFM and efficiency in its business operations, to provide a corporate focus for all St. Leger Homes' staff to achieve VFM and efficiency and to provide a framework to ensure that activity in this area meets the needs of St. Leger Homes customers.

This strategy is therefore designed to be challenging and stretching and will be delivered over a three year timeframe. The focus for the strategy will be on the following:

- Understanding and focusing on our customers needs.
- Understanding how our services add value to our customers.
- Optimising the value adding elements of services and eliminating waste.
- Driving out unnecessary costs.
- Smoothing and speeding the flow of customer work through our services.
- Delivering the service when required based on customer demand.
- Delivering right first time services every time.
- Empowering staff and allowing decisions to be taken at the most appropriate level.
- Developing flexible systems and motivated, multi-skilled staff.
- Developing effective partnerships with customers and suppliers.
- Creating a culture of continuous improvement.
- Understanding our costs and how they compare with other similar organisations.

The strategy and its appendices will be reviewed annually and updated as required as part of the strategic planning cycle to:

- Review the VFM and efficiency savings delivered for the year against the planned target.
- Produce the detailed VFM and efficiency action plan for the new financial year.
- Ensure that target efficiency savings have been incorporated into the annual budget for the forthcoming year (making them real targets rather than aspirational).
- Extend the strategy by a further year, to ensure that there is always a four/five year planning horizon.
- To review progress made against those action plans, which have a time horizon, which extends to longer than the annual period.

Involving customers in the VFM and efficiency agenda is a clear expectation of the VFM culture, ensuring that the organisation has a customer focus. St. Leger Homes requires staff, customers and stakeholders to be involved in:

- Setting service standards.
- Making informed choices about service delivery.
- Developing a procurement strategy.
- Monitoring performance against agreed service standards.
- Testing the VFM of existing service delivery or procurement mechanisms.

Service improvement and efficiency gains cannot be effective without good consultation with the organisation's customers and other stakeholders including the Council and St. Leger Homes staff.

We will consult our customers for their ideas concerning where they consider VFM and efficiency could be improved and will provide feedback to customers on these ideas.

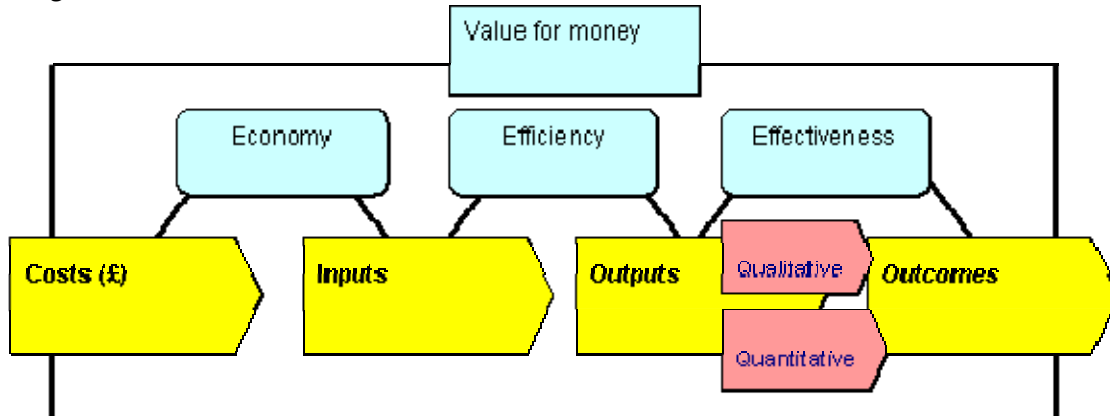
We will continue to consult with customer representatives on any proposed changes to service delivery methods.

In order to ensure that the quality of service does not diminish in the pursuit of VFM and efficiency, we will involve tenants in devising the quality cross checks to be carried out.

2.1 What is Value for Money?

The term VFM is often inter-changeable with 'Efficiency'. However, efficiency is only one of the three components of VFM. VFM has long been defined as the relationship between economy, efficiency and effectiveness, sometimes known as the 'value chain'. This is illustrated by diagram 2 below:

Diagram 2



Economy relates to minimising the cost of inputs and procuring quality goods and services at the best possible price.

Efficiency relates to the transformation of inputs to outputs using a process, focusing on the scale of input against the scale of outputs. Outputs may be expressed in terms of quantity or quality.

Effectiveness relates to achieving desired outcomes, which are important to our customers and link to our strategic objectives.

We intend to bring these three components together in this strategy and show a range of quantitative and qualitative outputs across a range of services which collectively deliver the desired outcomes at the best possible cost.

2.1.1 Efficiency Gains

Efficiency can be defined as making the best use of the resources available for the provision of services. In particular, the Government's stated emphasis has been about releasing resources achieved through productivity gains, rationalisation of 'back office' functions and improved procurement and then re-investing these resources in 'frontline' services.

The Government has defined four ways of achieving efficiencies:

Reducing Inputs	Increasing Outputs
E1: Reduce Inputs (money, people, assets, etc.) for the same outputs (i.e. fewer staff maintaining the same level of service provision)	E3: Achieve more outputs or improved quality (extra service, productivity) for the same inputs (e.g. carrying out capital works to a higher standard with the same budget)
E2: Reduce prices (procurement, labour costs etc.) for the same outputs (e.g. less public subsidy needed for a new social home of the same size, quality and location)	E4: Achieve proportionately more outputs or improved quality in return for a proportionality smaller increase in resources than the increase in outputs (e.g. if increased expenditure on partnership working leads to better outcomes than would have been achieved through the same increase in expenditure on the previous approach)

3. St. Leger Homes of Doncaster Ltd. – Our Company

3.1 Our Vision, Values & Strategic Priorities

St. Leger Homes supports the Government's drive for efficiencies and we recognise the important part we play in ensuring that resources are directed to where they are needed most. We recognise that we have been given substantial additional capital resources to deliver the Decent Homes Programme and must therefore continue to deliver greater outputs for our tenants and for Doncaster MB Council; being efficient is therefore one of our seven strategic priorities.

Our Vision

- Delivering Excellence
- Customer Focussed
- Quality Homes in Quality Neighbourhoods

Our Values

- Fairness
- Excellence
- Empowerment
- Linkages

Strategic Priorities

- Achieving Excellence and having it recognised by an Audit Commission
- Improving our performance and the way we manage performance
- Ensuring we deliver VFM by making best use of our resources
- Improving our communications both within our organisation and with others

- Ensuring we are a customer focused organisation by putting our customers at the heart of what we do
- Maintaining and improving our assets by investing wisely and managing our stock
- Supporting communities through social regeneration activities

3.2 Background to St. Leger Homes of Doncaster

In 2004 Doncaster MB Council was successful in a bid to the Office of the Deputy Prime Minister to set up an Arms Length Management Organisation to secure additional resources. In October 2005, St. Leger Homes was launched with the main goal of achieving a 'good or better' service rating by the Audit Commission through their inspection regime. In May 2007, the results of our inspection were made known and St. Leger Homes were assessed as providing a "good service with promising prospects for improvement". This result allowed the Government to award initial resources of £50.3 million in year 1 for investment in decent homes improvements before March 2008. The total additional resource amounts to £234 million to achieve the decent homes standard before 2014.

Our achievements since our creation in 2005 are vast and we are extremely proud of our service improvements, our efficiencies and our inspection result. We have been rewarded for our improvements through the recognition of our customers, which is demonstrated through the increase in customers satisfied with our overall service to 80% from 73% in 2006 . *(Source – STATUS Survey 2008.)*

3.3 Key Drivers in delivering VFM

- **Best Value**

Introduced in 1999, the Best Value regime aims to ensure the delivery of quality services at the best price, not the cheapest option. St. Leger Homes embraces the concept of Best Value and has put in place many mechanisms for assessing and improving quality using challenge, comparison, consultation, collaboration and competition.

- **Byatt Review**

Published in 2001, this set out a number of key recommendations to align procurement and best value. These include developing a corporate procurement function and approach, reviewing current practice, building capacity and capability along with project and contract management. St. Leger Homes has developed its own Procurement service with a fully embedded Procurement Strategy detailing our review of practices and our actions to develop and improve during the life of the ALMO.

- **National Procurement Strategy**

Published in 2003 by the ODPM, this report sets out a framework for public bodies to ensure a strategic approach to procurement.

- **Gershon Report**

Published in 2004, Sir John Gershons report focused on releasing resources to the front line by implementing sound procurement practices and driving the

efficiency agenda.

- **ALMOs Tomorrow – A guide to ALMO business planning beyond decent homes**

Tribal Consulting and Housemark produced this report outlining the success of ALMOs in improving services and communities and the future of ALMOs beyond decent homes. High performing ALMOs are already playing a wider role in their communities and undertaking more than the core landlord role by working in partnership with their parent Council, other ALMOs and the private sector. In order to continue post decent homes and move towards financial freedoms outside the rigidity of the HRA subsidy system it is crucial that we prove the viability to deliver core tasks, such as; maintaining decent homes, delivery of efficient services and being a key partner with the Council.

- **Housing Green Paper – Homes for the future – more affordable , more sustainable**

The Government has launched a housing green paper, which sets out the Government's plans for more affordable housing and more social housing by 2020. This paper gives us the impetus to provide better services and demonstrate our track record in delivering our goals to ensure we have the capacity to grow as a business and be part of the Government's new target.

- **Audit Commission Inspection of St. Leger Homes – March 2007**

During previous inspections, the Council was highly criticised for its approach to delivering VFM due to having no Procurement Strategy, no mechanisms to understand and demonstrate VFM and no competition. The outcome to this inspection was that the Audit Commission felt that our strengths now outweigh our weaknesses in this area and VFM is well embedded in the organisation through a range of strategies and targets. We were praised for our Procurement Strategy with modern procurement practices influenced by tenants, our work on identifying and benchmarking costs, learning from other organisations, reviewing and improving VFM on Service Level Agreements, exceeding efficiency targets and attracting effective inward investment.

Areas identified for improvement were around; fully understanding our costs in relation to Repairs & Maintenance and market testing this service, setting out the importance of customer outcomes in our procurement practices and developing the benefits of partnering. This VFM Strategy directly addresses the issues raised by the Audit Commission and demonstrates the mechanisms in place to meet their requirements and fulfil our objectives.

- **Audit Commission Key Lines of Enquiry (KLOEs)**

KLOE 32 – VFM – cross cutting – we have undertaken a thorough self assessment of our performance against the 'excellent' criteria in this KLOE (detailed in Appendix 1) and included actions required in our Service Improvement Plan.

4. Our VFM Strengths, Weaknesses and Improvements

- We have a dedicated financial services team who, working with budget holders, set, monitor and manage our revenue and capital budgets across the organisation using zero based budgeting processes and monthly monitoring against spend.
- Our performance in respect of rent collection and arrears recovery is good and our KPIs demonstrate overall improvements.
- Our costs in delivering the estate management service were low compared to other ALMOs. We have reviewed this service area and strengthened the frontline resources. Our customer satisfaction rating in respect of estates has increased to 80%.
- We have reliable stock condition information and have clear strategic planning for delivering decent homes. Our sustainability matrix has identified where our problem estates are and this information is linked to our robust and innovative Investment Plan. We have introduced an IT package and linked this with our other IT systems to assist with the effective project management of our expanded Decency Programme. We have made savings by undertaking our decency surveys in house and have implemented effective ways of managing asbestos. We have our own Procurement Team which has reduced the cost of the Procurement SLA with the Council by £45,000. We have implemented a Procurement Strategy with actions and targets which is effectively driving down our costs, which are highlighted in the Backward Look (Appendix 2).
- We have effective partnering arrangements for the delivery of the decent homes programme and are working under true partnering principles. We also undertake rigorous monitoring on cost and quality and we have implemented service standards in consultation with customers.
- We are committed to delivering a high proportion of our services electronically and contribute towards the e-government agenda. We have developed our IT systems and have a strategy in place to complete the full integration of our key systems. We now have an IT Strategy in place to provide for strategic and management information to guide business planning and service delivery and increase customer access. We are making further efficiencies in this area by strengthening our existing systems and introducing mobile technology to support patch based working.

- We are a member of the Efficiency North Consortium, through this we will achieve substantial efficiencies in procuring decent homes components through consortia procurement, benchmarking and sharing of best practice. This enables us to contribute towards regional collaborative procurement projects.
- Our performance in reletting empty properties was poor and our costs in delivering the service were high in comparison to other ALMOs. We have partially addressed this by undertaking a Business Process Re-engineering exercise. So far efficiencies and improvements have been realised in reducing relet times and overheads in delivering the service and streamlining the process to ensure no duplication or unnecessary tasks exists. Efficiency targets have been set to improve this service element further.
- Our responsive repairs service has been identified as a weakness due to high costs and low performance. To address this we have set targets to address the imbalance in responsive to planned maintenance, implemented a rural MOT initiative, re-located our Repairs Call Centre with modern technology and implemented a free phone number for customers, improved our IT system, introduced a full appointments system 24/7 365 days a year, reduced the average number of days to undertake routine repairs, increased the % of emergency repairs undertaken in timescale and improved on the % of appointments made and kept. As a result of improvements made our customer satisfaction rating has increased to 77% from 68% in 2006. We have introduced OPTITIME (works planner) and mobile working during 2008/09, which has resulted in further efficiencies.
- We are in the process of procuring a new Housing Management Software System which will give a single view of a tenant and all tenant interaction with the organisation. It will improve our ability to manage our Housing Stock and help us to provide a first class service to our tenants.
- The management of sickness absence is recognised as being high and that this has a major impact on efficiency. The Managing Attendance Policy is consistently enacted with the Human Resources team providing general and targeted assistance to line managers. This has led to an increased number of referrals to the occupational health provider who is able to provide a range of services including counselling and physiotherapy to assist staff make an early return to work. Employees are also encouraged to take part in proactive measures to remain in good health by including exhibitions at conferences, an on line confidential well being check, screening tests and the provision of the flu vaccine. The 09/10 target of 5.25% of working days lost is challenging and although the current trend indicates that this may not be achieved the Managing Attendance Policy is currently being reviewed to consider what further actions are required to improve performance

- St. Leger Homes recognised that tenant perception of their opportunities to participate was low and is taking concerted efforts to reverse this. The Tenant Participation Advisory Service (TPAS) has recently accredited St. Leger Homes, recognising that tenant involvement in management and decision making is of a high standard. St. Leger Homes continues to try to understand the discrepancy between customer perception of the service and the independent assessment of the service. A further survey is being undertaken in 2009/10 to reassess satisfaction levels.
- Our ability to capture complaints and our performance in responding to complaints in timescale has improved. We have centralised complaint handling, implemented our own Complaints procedure and Customer Care Policy, undertaken in depth training with all staff to ensure all complaints and comments are recorded and to embed a culture of encouraging complaints to assist with service improvements. We are now confident that we are capturing all complaints and comments about our service and our performance in responding within timescale has dramatically improved. We have reviewed our process of analysing complaints to ensure we are demonstrating a learning culture and are using what our customers tell us to improve service delivery.
- Our approach to equality and diversity was hampered by our lack of knowledge of our customer base. We have embarked on a comprehensive Customer Profile Questionnaire exercise to enable us to shape our services around our customers needs and deliver more efficient and effective services. Our knowledge of our customer base is now at 85%. We have developed an action plan with an access strategy currently being prepared, to ensure customer access. This is embedded in the Access and Customer Care Action Plan.
- The services delivered by the Council via Service Level Agreements and the related charges required substantial review. We review all our SLAs with the Council annually to ensure the agreements are fit for purpose and the charges fair and justifiable. Robust monitoring is carried out throughout the year. We have reduced the number of agreements overall and reduced costs since 2005/6 by circa £3.4million.
- Our performance in recovering former tenant's arrears was poor and sat in the bottom quartile of all ALMOs. We have centralised the service, reviewed our procedures, implemented rigorous monitoring, purchased tracing software, implemented information exchange processes with Housing Benefits and procured an external debt collection agency for cases where our own internal mechanisms have proved unsuccessful on a 'no win no fee' basis. Our performance on recovery has improved since 2005/06 with a reduction in arrears of 10% and a VFM assessment shows our service to be self-financing, collecting more than double the cost of providing the service.
- Although our performance on rent collection is good, we recognised that our methods did not provide VFM and choice. We have extended our payment methods to include Direct Debit and payment at retail outlets using payment cards and have calculated our transaction costs for all our payment options.

This exercise has identified that Direct Debit is by far the most cost effective method of collecting rent and our publicity and rent collection strategy is therefore centred on increasing the number of customers (currently 10%) paying by this method and challenging targets are set and monitored.

4.1 Our VFM achievements – the Backward Look

Through 2008/09 and 2009/10 we have made great strides in embedding VFM principles and driving efficiencies. Our achievements in cashable and non cashable efficiencies are outlined in the attached Appendix Two; Backward Look Efficiency Statement.

4.2 Our approach to delivering, measuring and monitoring VFM

Value for Money needs to be an integral part of our culture and sit within the heart of our performance management framework. We recognise that we need to constantly review and evaluate how we can do things better to drive up our efficiency and effectiveness.

We have a comprehensive VfM Service Review programme that focuses on service areas of high cost and/or low performance. The timetable for 2009/10 is included in the Action Plan – Appendix four.

Each review follows a methodology based on best value principles but also utilises the value chain mentioned earlier in this document.

By conducting the reviews in this method, not only can we test the value for money of the service area under review but also identify where the pinch points are in terms of operational efficiency. This allows the service area to develop the service further with a view to driving down costs while maintaining or improving performance and satisfaction.

Each review takes place over a twelve week period. Following this, the project is reviewed by the Business Improvement Team to identify any lessons learnt, thus embedding the principle of continuous improvement. Six months after each review, the improvement plan is revisited to establish how many of the recommendations have been implemented and what the impact of those recommendations has been in terms of cost, performance and satisfaction.

The detail of our approach to delivering VFM is focussed on the following areas:

- * Business Planning for the long term
- * Service planning and improvements
- * Measuring economy through costs and benchmarking
- * Measuring efficiencies through inputs and productivity
- * Measuring effectiveness through outputs, customer outcomes and satisfaction
- * Procurement
- * Partnerships

The remainder of this strategy deals with each of these in turn and details our current position, our areas for improvement and the actions to be taken to achieve

these improvements along with our mechanisms for monitoring and measuring value for money.

5. Business Planning for the long-term

5.1 Business Delivery Plan

Our Business Delivery Plan (BDP) is our five year working document that sets out the strategic context and overall strategic direction for the organisation. The VFM strategy is included in our Hierarchy of Plans, which can be seen in the BDP; this strategy will map out how we will attain our overall strategic objectives through the most efficient and cost effective routes.

5.2 Business Planning Structure

Since the success of our inspection and the achievement of two star status we have implemented an organisational structure to identify business growth opportunities and translate into enhanced service improvements. This structure will ensure we develop from a good organisation to an excellent one with diverse and innovative business solutions and services.

5.3 St. Leger Homes Financial Position

Each year since incorporation, SLHD has consistently met its efficiency target of 3% each year and have contributed to DMBC's overall Annual Efficiency Statement. We would seek to achieve realistic efficiencies in 2010/11 depending on the management fee agreed between ourselves and DMBC.

To achieve our 5% efficiency target we will set targets for each budget holder based on their resources and commitments during each year and will build these targets into team and individual work plans. We will implement quality cross checks to ensure the savings are real efficiencies rather than service cuts. This action is contained within our VFM Action Plan attached as appendix four.

Our 2010/11 Annual Efficiency Statement Forward Look needs to set specific targets for achieving efficiencies, some projects are well underway and some are classed as more long term, these include: -

- Reviewing the staffing / management structure
- Increasing VFM from Service Level Agreements
- Reduction in staffing levels to reflect falling stock numbers and efficiencies generated through improvements in IT.
- Realise efficiencies in the decent homes programme through partnership working and collaboration
- Diversification of business into other areas, generating income from other sources

Any efficiency savings over and above those required to match the management fee will be redirected into front line service improvements, subject to agreement with the Council.

Resource requirements and implications were assessed to deliver our service improvements as part of our Service Improvement Plan. Improvement actions which may not be met within existing budgeted resources include the implementation and delivery of our accommodation strategy, to provide DDA compliant and fit for purpose premises. Such improvements are being discussed with the Council with a view to resolution. Clearly any other service requirements arising, which are not within existing resources will either be funded through efficiency savings, or will be discussed and subject to agreement with DMBC with regards to the financial viability of each initiative.

5.4 Asset Management Strategy

We have developed an Asset Management Strategy in close liaison with the Council. The Asset Management Strategy details the types of assets that we are charged with managing on behalf of the Council and their condition and investment requirements along with how we will manage estates in decline, analyse stock options and maintain sustainability. VFM is crucial to asset management and the delivery of the decent homes standard.

5.5 Investment Strategy

Our Investment Strategy is based on sustainability and looks across various indicators to inform the delivery of our capital programme to ensure that we only invest in properties with a sustainable future and use our resources in the most efficient way.

5.6 ICT Development Strategy

Our IT Strategy identifies a series of new and improvement projects relating to the use of Information Technology that will lead to improvements, including efficiency improvements, in the delivery of services. An established ICT Steering Group meets every 6 weeks to consider business case submissions for new investments in ICT as well as providing an overall monitoring role on ongoing development projects.

The business case submission includes a balanced scorecard (one element of this being a cost benefit analysis) and also a benefits realisation plan, to ensure that sufficient VFM consideration is taking into account for all ICT investments.

5.7 Repairs & Maintenance Market Testing

Our R&M service is currently delivered by our in house team. We continue to make great strides to provide an efficient service through improving performance, realigning staffing structures, working with a trading account to measure productivity and costs, undertaking service delivery changes arising from business process re-engineering and using customer feedback, we have a top performing contact centre with a free phone number for customers. We have introduced a quality assurance team into our call centre to independently measure the quality of our work to identify further improvements. We have introduced technology to improve appointment scheduling and mobile working to increase customer satisfaction and improve efficiency. To comprehensively demonstrate VFM we are

currently undergoing a benchmarking exercise with HQN and Efficiency North on this service to include all services provided in house and those delivered by third parties through Service Level Agreements and external contracts.

5.8 Organisational Structures & management of Human Resources

St. Leger Homes has 776 employees, which includes 29 trade apprentices working across the organisation delivering holistic and diverse housing management services. We have implemented many improvements to managing our staff including: -

- Development of an in house HR team and termination of corporate HR services which were provided via an SLA and one member of staff who had been transferred
- Review of sickness management policy and procedures
- Management training
- Staff training programme
- Annual appraisals
- Regular one to ones with individual targets
- Team and individual work plans
- Team briefings around a centrally prepared Core Brief from the Executive Management Team
- Staff newsletter
- Staff Intranet
- Standard Operational Procedures
- Management and organisational re-alignments
- New staff induction process
- Reviewed recruitment process including evaluation process of vacant posts
- Staffing re-alignment for all Directorates

5.9 Risk Management

The risk to the business of this strategy, is that a continued focus on savings could possibly undermine service quality, however if properly followed, all VFM and efficiency actions should incorporate quality as well as cost considerations. We will develop quality cross checks to ensure that quality is not compromised. We also include Board and tenant representatives at key stages in our procurements.

Failure to demonstrate an effective and fully embedded VFM Strategy will result in our Company failing to achieve its desired rating in the next Audit Commission inspection.

VFM is an integral part of our Risk Management Strategy. The VFM strategy will put in place the tools to manage the risks associated with VFM.

The continued use of both operational and strategic risk registers has ensured risks associated with VFM are identified, assessed and mitigated as appropriate.

6. Service Planning & Improvements

6.1 Performance Management

Performance and quality of service are key elements of any VFM test. For all services we already have performance indicators that we use to manage performance and measure quality. We monitor these indicators on a monthly basis and report this to our Executive Management Team and relevant service managers. We benchmark our performance against other ALMO's and set performance targets to ensure continuous improvement and efficiencies.

We recognise that in order to prove VFM we need to clearly establish for **each service area** the following:

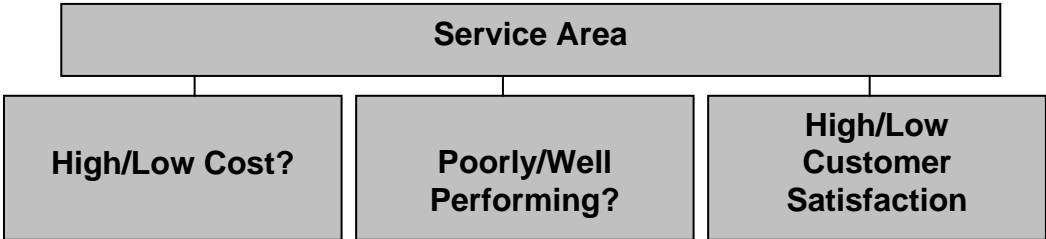


Diagram 3 - Source – Housemark

We have recently reviewed the company's performance management reporting, and we are now setting efficiency targets for 2010 to 2013, to ensure the planned VFM gains and efficiencies are monitored for progress and that the expected gains actually materialise.

Actual results against planned efficiency savings for the year will be reported quarterly within performance information to the Executive Management Team and the Board. Key performance indicators will be reported quarterly to customers within established newsletters and via the internet.

Planned efficiency targets and actual savings will also be monitored throughout the year by way of the organisation's management accounts.

The VFM and Efficiency Register records the VFM gains achieved, both cashable and non cashable.

St. Leger Homes will ensure that VFM and efficiency issues will be a standing agenda item on all the main meetings and groups of the organisation. The VFM impact is now a mandatory requirement on all reports to the Executive Management Team.

St. Leger Homes has committed to testing its services in relation to VFM through a series of VFM Service Reviews. These reviews examine the service, costs, processes, customer expectations and demands, customer satisfaction and performance. They capture positive practice and incorporate Challenge, Comparison, Consultation, and Competition in addition to adopting the VFM principles of: Effectiveness, Efficiency, Economy, Excellence and Equality.

The programme of reviews is determined annually and the results reported through St. Leger Homes governance and management arrangements.

6.2 Efficiency Projects

Our aim is to streamline all business processes to gain efficiencies while maintaining a strong customer focus and customer involvement in setting priorities. We intend to use ICT to the best advantage in improving processes and this is intrinsic in our ICT Development Strategy. Actions already taken include: -

- During 2006/07 we underwent service reviews on our empty property service and our Decent Homes service. We have implemented improvements which achieved cashable and non cashable efficiencies. We adopted a business process re-engineering approach to identify inefficiencies, duplication and inconsistencies and deliver a more streamlined service to customers.
- Streamlined tenants access to decorating packs and the decoration voucher process and made non cashable savings in staff time along with providing wider choice for customers
- Continued work on mobile working technology to improve response times and service efficiencies
- Invested money in our IT systems to improve speed and quality and integrated our main systems to ensure information and labour is not duplicated
- Implemented a rural repairs MOT scheme which moves work from reactive to planned maintenance, in line with the target of completing 60% of work as planned maintenance and 40% as responsive repairs.
- Developed a trading account approach to our R&M service to maximise capacity

6.3 Service Improvement Plan

A range of service improvement actions have been identified through a variety of sources including, Audit Commission recommendations, peer reviews, positive practice and our own self assessments and incorporated into our VfM Service Improvement Programme. Refinements to the plan will continue during the latter part of 2009 in order to provide a clear focus and direction for St. Leger Homes which will enable us to take our organisation from a good two star service to an excellent three star service with opportunities for business growth and diversification.

6.4 KLOE self assessment

The Audit Commission have highlighted the importance of VFM issues as a core element underpinning any area of our future work. During our 2007 Inspection the Audit Commission assessed St. Leger Homes as providing a good 2 star service in respect of VFM but raised areas in need of improvement.

St. Leger Homes have carried out a gap analysis of its current performance in VFM and efficiency, against the KLOE 32 (see Appendix 1).

St. Leger Homes ultimately aspires to be a three star performing organisation and therefore for those areas that have been identified where the organisation is not achieving the excellent service standard, have incorporated the necessary actions into our service improvement plan.

Periodically a self assessment against KLOE 32 will be undertaken to ensure that progress towards the excellence standard is being achieved. Actions arising are then monitored in Service Improvement Plans (SIP) and the revised Performance Management Framework.

6.5 Capturing Efficiencies

To capture one off efficiency gains we have implemented an Innovation Register to record good practice and ensure all successes are recorded and reported. The Innovation Register is reported as part of our Annual Efficiency Statement.

6.6 Annual Efficiency Statement

The primary means for local authorities to report their efficiency gains is the Annual Efficiency Statement (AES). The requirement is in two parts, the forward look statement in April of each year details planned efficiency gains to be made during the year ahead, and the backward look statement in June details gains made during the previous year.

ALMOs are not required to produce their own AES as their efficiency gains should be included in the parent authority's AES. However, it is becoming increasingly common and recommended practice for ALMOs to produce their own AES and this strategy will allow St. Leger Homes to present the outcomes of our efficiency work in a structured way that is both useful to the Council and the Board and delivers real change and improvement. Our Backward Look Efficiency Statement is attached as appendix two.

6.7 Service Level Agreements

We have made good progress on reviewing our Service Level Agreements (SLAs) with the Council and have worked in partnership to ensure these services demonstrate VFM for our customers. We have developed an SLA Review Toolkit and use this to produce an SLA review programme to deliver improvements and efficiencies.

Customer involvement/customer consultation – where customers directly receive services, St. Leger Homes will involve them by:

- Inviting them to review meetings
- Service specific questionnaires drawn up and issued, and/or
- Customer satisfaction surveys
- Involvement in key stages of procurement process
- Customer newsletters used to obtain views
- Introduction of tenant led inspection processes.
- Using existing customer forums to obtain views.

During these reviews, the following options will be explored:

- Continuing with the Council providing the service, but with clearly defined service standards.
- Requesting that the Council changes the service currently provided to St. Leger Homes, to one specified by St. Leger Homes and its customers, again with service standards defined.
- Outsourcing the service to an external provider.
- Bringing the service in-house or within the department (with service standards set and monitored).

6.8 Equality & Diversity

Delivering quality services to all tenants is integral to achieving our objectives and driving excellence. We will ensure that the drive for VFM and efficiency promotes equality and diversity and is not at their expense.

In line with OGC Guidelines, Diversity is part of our supplier assessment criteria. We agree KPIs with our suppliers and we monitor their performance as part of our strategic contract reviews

Diversity is also one of the Audit Commission's Key Lines of Enquiry and as such is integral to any VFM service reviews undertaken.

7. Measuring VFM – Economy, Efficiency & Effectiveness

This strategy puts in place many mechanisms to assess, capture and deliver efficiencies and VFM such as; service reviews, performance management, Annual Efficiency Statement, Innovation Register and efficiency targets set through budgets. To comprehensively monitor and demonstrate VFM translated into customer outcomes we will measure the efficiency, economy and effectiveness of our separate services and this is included within our Action Plan, attached as appendix four.

We will measure the economy of our services through costs and inputs. To do this we will use the information from our service cost and performance benchmarking exercise with Housemark looking at costs and numbers of full time equivalent staff.

We will measure the efficiency of our services through the volume of input and the quality and quantity of outputs.

We will measure the effectiveness of our services through customer outcomes. To do this we will use the results of our customer satisfaction monitoring and customer feedback through complaints, compliments and consultation.

7.1 Benchmarking

According to the Audit Commission, 'benchmarking is a basic requirement to underpin any effective performance management framework. However, it is a means to an end and not an end in itself. Benchmarking should be employed to challenge in efficiency, rather than to justify the current approach'. In addition the Audit Commission comments that 'benchmarking should not be over-complicated to the extent that it deflects staff time away from addressing the issues raised by the data. Focus and drilling down further should be done only on those costs that show the greatest variance from the norm'.

St. Leger Homes joined Housemark's housing benchmarking service a number of years ago. We will focus on using this information to drive up performance and drive costs down and specifically to identify those areas where we are high cost and/ or low performing and subsequently prioritising these areas for further review.

We will ensure that when looking at benchmarking results, we are not just looking at the costs, but relating these to quality and understanding why they are what they are. We will look at the different services that are provided by our peers and make judgements based on customer views about whether the difference in service levels, justify the differences in cost. We recognise that we need to continuously ask ourselves whether we can support an increased cost in a service. This will only be where the output is significantly better and one that the customer fully appreciates.

Benchmarking is a key tool in ensuring VFM. This is detailed within Appendix 1 of this report.

A key theme of the Audit Commission's report is benchmarking down to service level. This enables St. Leger Homes to:

- Identify inefficient activities for the subsequent development of focused improvement plans.
- Set realistic targets for improvement.
- Drill down below summary level indicators.
- Generate a rounded picture of efficiency.
- Compare costs as well as performance.

This benchmarking information is used to identify and prioritise areas for service improvement action. From this, service improvement plans are developed which identify what needs to improve, why and how that improvement will be delivered. It will contain targets which are not only challenging but also designed to demonstrate and ensure the continuous improvement necessary to move the service into the top quartile of national social landlords. The improvement plan will be SMART and will allocate responsibility and accountability for tasks to individuals and set targets for implementation over the short, medium and long term.

From the Housemark benchmarking results, St. Leger Homes top six areas for review are as follows:

1. Major works and cyclical maintenance
2. Office Premises overhead costs
3. Responsive repairs management costs
4. Void management costs
5. Resident involvement costs
6. Sickness absence

In addition to traditional benchmarking with our peers, we are carrying out in-depth benchmarking with organisations and consortia such as Efficiency North and actively seeking additional opportunities. By doing this, St. Leger Homes will seek to identify new and innovative practices that can be applied to this organisation, whilst not re-inventing the wheel.

8. Procurement

St. Leger Homes has a robust Procurement Strategy. Procurement is split into two areas. Our overall strategy covers how we will evaluate and procure all goods and services such as building materials, plumbing and electrical materials, R & M services etcetera to ensure we obtain the best possible price for services with high quality and outputs. Our Decent Homes Procurement Strategy details our partnership approach and how we will deliver VFM and efficiencies in component prices and overall costs per property.

We are promoting standardisation of materials throughout St Leger Homes to ensure tenants benefit from quality products, our staff have less variation to deal with when repairing and maintaining, we have reduced inventories and we achieve VFM through carefully managing suppliers and contractors.

St. Leger Homes and the wider Council, will seek to use the full range of procurement methods available within the sector, including joint procurement, consortia, effective contract packaging, service level agreements and e-procurement. We are currently working, with others to develop EN Procure, which it is anticipated will give cost reductions of approximately 10% overall.

When entering into any procurement exercise, we ensure that targets are set for reducing costs whilst improving or maintaining levels of service and quality. We work with suppliers and contractors to jointly find the most efficient processes to minimise costs for both parties. We involve our tenants in all procurement exercises which impact on them. We maintain records to demonstrate the

achievement of VFM gains. We also ensure that quality cross checks are built in, to ensure that the drive for VFM and efficiency has not been to the detriment of customers – both internal and external. Wherever possible we support local enterprises to aid regeneration.

9. Partnerships

The benefits of working in partnership are clearly linked with VFM. St. Leger Homes is committed to creating successful partnerships to create inward investment, better outputs and more beneficial outcomes for customers. We are currently working in partnership in many areas, which is bringing benefits and value to the organisation and our customers.

9.1 Decent Homes Delivery

SLHD is committed to delivering VFM in its investment programmes whether through decent homes or internal repairs and maintenance. In 2007 we undertook a large scale procurement exercise to find the right partners to work with us in delivering the decent homes programme. We initially employed consultants to manage the cost element, to ensure we achieved efficiencies throughout the programme and to deliver enhancements in the specification for our tenants. We are now taking this work in house to achieve greater efficiencies and benefits for our tenants.

We analyse the costs and quality of various components used by all partners and benchmark these costs on a continuous basis to ensure all partners are obtaining materials for the best possible price. To achieve our objective of involving customers in quality cross checks we consult with customers in respect of components and use their feedback to guide our decisions.

As part of this strategy we monitor the cost and quality of major components to demonstrate where efficiencies are being achieved and monitor the overall cost per property.

9.2 Decent Homes Procurement

We are members of the Efficiency North Consortium, which allows information on cost, quality and best practice to be shared and used in the procurement of goods and services. We undertake an annual cost review of our components, materials and overall cost per property with the Consortium to share good practice and ensure we are achieving the best value for money. We also work with the consortium to benchmark our client costs on an annual basis to ensure we deliver VFM in management of the programme. We expect to make savings in the order of 10% by working with like minded organisations within the Efficiency North Consortium.

Through this approach we have generated substantial cost savings to the programme and currently utilise Efficiency North Consortium supply arrangements to purchase a number of products used by the decent homes partnership, including boilers, radiators and general plumbing materials.

We have also undertaken an E-procurement exercise with our construction partners and Rotherham 2010 Ltd for the supply of kitchens, this will achieve future cost savings to the partnership.

9.3 Tenancy & Estates Management

In order to deliver high-impact services on our estates it is essential that we work in partnership with all service providers. St. Leger Homes works closely with DMBC's Safer Neighbourhood Teams, DMBC's Neighbourhood Managers and other community led services to provide joined-up services to customers. We are committed to delivering the Respect Agenda and have therefore forged excellent links with the Police and all other local support agencies to achieve a good quality of life for our tenants and the residents and communities of Doncaster.

St. Leger Homes is open to exploring further partnership opportunities, which:

- Provide the opportunity for greater levels of output/outcomes for the same level (or fewer) resources.
- Provide greater flexibility in service provision.
- Will provide the opportunity to share overheads
- Will enable the organisation to access skills/knowledge that it doesn't currently possess.
- Provide the opportunity for joint procurement.
- Prevent duplication and wastage in areas where we are currently working geographically with partners.
- Prevent the organisation from 'reinventing the wheel' if someone else has already done it.

We are members of an Estate Services Benchmarking Club run by HouseMark. Through this club we have a series of peer reviews with other organisations where our tenants will inspect their estates and vice versa, allowing us to get an outside perspective of our service delivery and to learn lessons from other local ALMOs.

10. Sustaining VFM through embedding the culture

At St. Leger Homes we value the input and views of both our staff and our tenants and have mechanisms in place to obtain their feedback and provide opportunities to influence decisions on the best use of our resources. Developing the efficiency agenda and VFM culture at St. Leger Homes is therefore not the result of an isolated and unrelated consultation exercise, but the consolidation of a number of previous consultations including the prioritisation process for budgets and the process for measuring quality.

We are committed to delivering the DCLG's VFM and efficiency agenda. This commitment has been cascaded down throughout the organisation.

We recognise that we need to have an approach of welcoming ideas and encouraging innovation within a participative culture, which will in turn increase

quality standards and staff motivation. Our Leadership Team will follow the actions prescribed within the latest guidance from Housemark/CIH/Homes & Communities Agency as being:

- Prioritising areas for review and improvement.
- Monitoring progress on efficiency and performance.
- Taking part in efficiency reviews.
- Challenging staff to set stretching targets.
- Ensuring customer views are given a priority.
- Prioritising customer services for reinvestment of savings.

An action plan has been developed following our service reviews, detailing the areas that we must deliver on, in order to achieve the efficiency targets that we have set ourselves.

Efficiency targets will be cascaded down the Organisation and integrated into individual team service and improvement plans and then into team/individual targets for the year. St. Leger Homes will consider building this element into staff annual appraisals.

The latest guidance notes from Housemark/CIH state that the involvement of all staff in driving the efficiency agenda will:

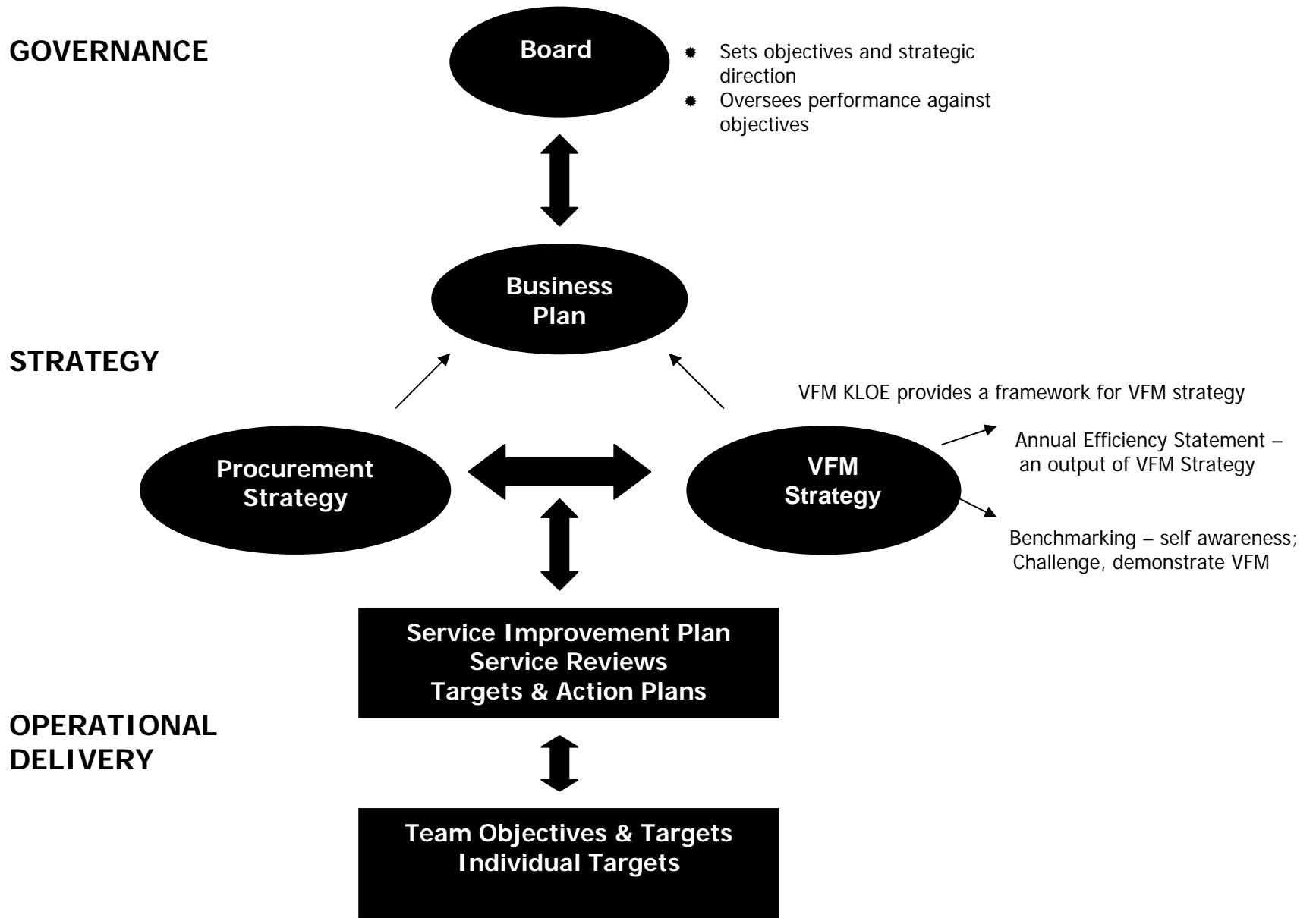
- Develop 'ownership' of change and support effective implementation
- Encourage new ideas for improved efficiency and effectiveness
- Embed efficiency and a culture of improvement throughout the organisation, establishing a thread between organisational objectives and those who deliver services
- Include frontline staff, who are better placed than anyone to see the risks in efficiency proposals and suggest solutions

We recognise that in making our business decisions, we must consider VFM and Efficiency and clearly make the link between investment costs and expected outcomes. This appears on all Board and Executive management Team reports.

Managers ensure that VFM and Efficiency becomes a standing item on their team meeting agendas, ensuring that the message cascades down to the front line and team briefs contain a quarterly progress update to staff and Customer newsletters inform customers of the progress St. Leger Homes is making. This is an integral part of our performance management framework and will be managed using a monthly monitoring report.

Diagram 3 demonstrates our mechanisms for embedding a VFM culture throughout our organisation.

Diagram 3 – Embedding the VFM Culture



VFM at St. Leger Homes is a priority for the whole organisation. Everybody from tenants and front line staff to Board members understand that being efficient will allow us to deliver better services with the resources that we have. The process of re-investing into front line services for customers can be evidenced by the examples set out below which have been funded by overall efficiency savings and some restructuring: -

Service Improvement	Benefit to tenants
Upgraded tools for the Empty Homes Team	Empty homes are turned around quicker and standard of work is better
Area Caretaker Service	More responsive estate management services – estates are cleaner and tidier
Dedicated Welfare Advice service through the CAB	Independent welfare benefit advice to maximise tenants resources and assist with tenancy sustainment
Free phone service for tenants and extension of call centre for repairs and maintenance requests	Tenants and leaseholders calls are answered quicker and calls are free
High quality Tenants & Repairs Handbooks	Good source of information, advice and support
Leadership training for managers	Managers better equipped to ensure services are delivered to a higher standard
Assisted our Tenants Federation to hold an annual Tenants Conference	Engagement, Empowerment & Ownership
Produced a DVD for tenancy sign up translated into community languages	New tenants obtain comprehensive information at sign up
Mobile working	Streamlined, more responsive service
Smartwater anti theft system for tenants and St. Leger Homes' equipment	Higher crime prevention
Produced a new Tenancy Handbook for all tenants	Tenants have better quality information about their tenancy responsibilities
Purchased equipment to undertake glazing and drainage work in house	Further efficiencies being made to re-invest into front line services along with repairs being undertaken quicker

11. Conclusion

This Strategy demonstrates the progress made by St. Leger Homes in achieving VFM and sets out the visions, plans and actions necessary to continue the improvement of VFM within the organisation. Targets for efficiency savings are being set internally which will bring added benefits to our tenants, staff and stakeholders in terms of service improvement and increases in work undertaken.

12. Appendices

Appendix One – Self Assessment and Gap Analysis against VFM Key Line of Enquiry (KLOE 32)

Appendix Two – Backward Look Efficiency Statement

Appendix Three – Benchmarking results for 2008 / 2009

Appendix Four – VFM Action Plan