

 <p><b>Northwards Housing</b> North Manchester's Council Homes</p>		<b>Report to:</b> Northwards Housing Board 11 November 2014		<b>Item No:</b> <p style="font-size: 2em;"><b>9c</b></p>	
<b>Title:</b>		Resources required to produce Value for Money Statement			
<b>Date:</b>		20/10/2014			
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<b>Confidential:</b>		No			
<b>For:</b> (Please tick action required)		<b>NOTING</b>	<b>DISCUSSION</b> ✓	<b>APPROVAL</b> ✓	
<b>PURPOSE OF REPORT</b>					
This paper sets out the key parts of the VFM statement along with an assessment of the internal resources required to deliver each section.					
<b>RECOMMENDATION</b>					
That the Board consider where they feel they need additional assurance in this area and confirm which sections they would like our statement to contain.					
<b>IMPLICATIONS</b>					
<b>Risk Management</b>		None			
<b>Regulatory &amp; legal compliance</b>		None			

**Consultation/Consideration:**

	Yes, No or N/A:	Name:	Date:
<b>Sub-Committee:</b>	N/A		
<b>Area Panel:</b>	N/A		
<b>Task Groups:</b>	N/A		
<b>Ward Councillors:</b>	N/A		

## Resources required to produce Value for Money Statement for Northwards Housing

My paper on a potential Value for Money (VFM) statement was submitted to the July meeting of the Board. After discussion, it was agreed that I would produce a 'skeleton' statement, with details of each of the suggested sections and that this would be sent to each of the relevant officers involved. They would then provide an assessment of the resources required to produce their sections.

This paper sets out the key parts of the VFM statement, using a combination of the statements by housing associations identified as strong by the HCA in 2013 and what I learnt from attending various workshops around the area. It is not intended that the structure below is to be format of any Northwards statement, it is merely a suggestion intended to aid the individuals to assess the resources required.

### 1. Value for Money in Northwards' Strategic Plan

Although there is no requirement upon Northwards Housing- as an ALMO- to publish a VFM Statement & submit to the HCA, one of our three Values is "Spending Money Wisely". There is also an expectation from the Board & from the Council that we will identify & achieve efficiencies in our operations on a continuous basis.

It is appropriate, therefore, for Northwards to publish a VFM Statement & to engage with tenants on its contents & review- this is a logical extension of the annual budget discussions with tenants' representatives. The Board will oversee & approve the production, publication & communication of the Statement.

The subsequent sections suggest the structure of the VFM Statement. It is proposed that we adopt a similar process to the Business Plan preparation. That is, produce a document with a 5 year forward view which is underpinned by annual VFM action plans which are reviewed each year by the Board & refreshed accordingly. The VFM action plans will be the means by which we engage tenants & other stakeholders.

### 2. Return on Assets

This section, which would likely be delivered by the Head of Regeneration, Grieg Lees, would involve the following sub-headings:

- Stock condition
- Asset management
- Rents
- Social return on investment
- New homes development
- Other investments

As specified within the original Board paper, this section would refer to our exercise around the NPV of our stock, focusing on the areas that need the most work for the first two points and then the actual values for the second two.

For new homes development Grieg would need to expand upon the Council's latest developments on our patch and Northwards involvement in this process.

The other investment section would explain all of our other work to improve our stock and the greater community, including our PV panel work with Carrillion and our potential investment in hydro-electric generation.

#### *Time and resources required*

According to Greig the next Return on Assets (NPV report) will be going to the Operations Sub-Committee in November. Northwards may have an issue with Social Return on Investment (SROI) calculations as we are looking at the Value Insight tool to help us calculate this which although is designed to calculate a broad range of 'added value' activity we simply don't have the capacity to roll this out across the organisation. As such, we are piloting the methodology at Yes which will provide us some data about the added value that this social enterprise generates.

The process of putting all of this together would take two weeks.

### 3. Costs of Delivery

This section, which would likely be coordinated by me but delivered in conjunction with Heads of Service across the company, would involve the following sub-headings:

- Repairs & Maintenance
- Neighbourhood Services
- Business Support Services
- Executive Management

As specified within the original Board paper, this section would involve outlining the key costs of the organisation and put these into context against similar organisations.

Whilst it is relatively straightforward to understand our absolute costs it is a much more complicated process to understand our costs in comparison to other providers. Firstly, other ALMOs may not have the same motivation to produce the VFM statement so may be reluctant to engage in a benchmarking exercise. Secondly, as an ALMO in a deprived area with a large number of tower blocks we will not often be comparing like with like and may suffer by comparison.

#### *Time and resources required*

This should be a combination of internal work – setting out the costs of delivery across a period of time, possibly using Activity Based Costing (ABC) – and external benchmarking using services from a company like House Mark. How much time and money this will involve will wholly depend on the split between the internal and external evaluation.

We will need input from the Heads of Service and the Directors to establish exactly the resources that would be required to produce this statement.

### 4. Customer Engagement and Scrutiny

This section, which would likely be delivered by the Head of Business Effectiveness and Communication, Steve Finegan, would involve the following sub-headings:

- How we engage with tenants
- How we engage with other stakeholders

- Actions we have taken as a result of this engagement
- How we are looking to improve in this area

As specified within the original Board paper, this is an area we are undoubtedly very strong in. We have numerous engagement groups with different parts of the community. The challenge will be to demonstrate how this has influenced our actions and how we can evidence this.

For the first two points we would be looking to list all of the different ways we engage with the all of our stakeholders. Then we would look to identify the specific actions taken. For example, having listened to tenants' concern that litter was a big issue we created and expanded the Open Spaces Team.

Finally we would talk about the developments in this area for the future.

#### *Time and resources required*

According to Steve this requires discussion and input from Neighbourhood Services around engagement and agreement on his vision for how we want to do to improve in this area.

If we want to involve tenants (possibly Tenants View?) in having an input into the statement, perhaps as part of an exercise providing them with the opportunity to have a look at our emerging approach to VFM.

Some of this is collating information and speaking to people and the rest is making time to write something. Steve's best guess would be the equivalent of a week's work and double that if we are serious about involving tenants in producing the VFM statement.

#### 5. Evidence of past and prospective VFM gains

This section, which would be delivered by me, would involve identifying all of the savings we have made across, say, a 3 year period. This would not only have to be viewed through the prism of absolute savings, but also by evaluating where we have been forced to deliver more outcomes with the same amount of resources. Through our work around for efficiencies with MCC we have a lot of the raw data required to produce this section, but we will also need to sit down with Directors and Heads of Service to establish exactly where the additional work has taken place.

#### *Time and resources required*

As stated, the data for this work is already in place, but we will need to undertake a consultation exercise with all of the parties involved. I would suggest that no external support would be required in this regard and that I would (with the support of heads of service) be able to pull together this piece of work within a month.

#### 6. Overall self-assessment

This section would require a senior officer of the company, probably the Chief Executive or the Director of Business Services to tie together all of the work and summarise where we are and where we hope to be in future, which shouldn't take long.