

enabling
independent
living



**Our commitment to Value for Money
Self Assessment 2015-2016**



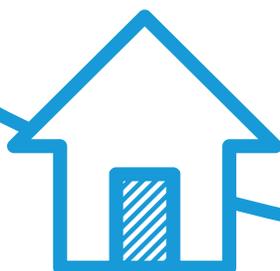


Colne has a comprehensive approach to delivering value for money which is fully compliant with the Homes and Communities Agency (HCA) standard.

This includes:

- A business planning process which identifies the resources required to deliver our corporate plan
- Regular and robust performance monitoring and reporting, including benchmarking
- Strategies to improve the social value we add to residents, the communities in which we work and to other stakeholders
- An approach which identifies the value of our property assets (and the liabilities against them) and shapes our asset management actions
- A culture which encourages and supports staff to improve value for money in their everyday activities
- An approach to procurement which includes joint ownership of a procurement company, opening up opportunities for larger scale frameworks and reducing risk

This document sets out our approach, our achievements for the last year – including how we did against the plans set out in the last self-assessment – and the plans we have in place to improve.



Our commitment to Value for Money

Colne affirms our commitment to maintaining an absolute grip on value for money so that our business strategy 2016-2019 **Enabling Independent Living** can deliver against its six driving goals:

- To increase Colne's influence as a trusted partner regionally
- To use our strong balance sheet to deliver a range of housing solutions to those living in East Anglia
- To build homes for sales when and where it makes sense and where a benefit can be achieved
- To continue to deliver the best services but in a way that specifically reflects needs
- To achieve capacity to do more with strategic partners
- To continue to invest in community initiatives which directly contribute to the lives of Colne residents.

We see value for money as integral to all that we do and so have a framework rather than a standalone Value for Money Strategy.

We want to deliver the best possible results with the resources available to us and to deliver sustainable benefits over the short, medium and long term; we know we need a commercial head to have a social heart.

We see that in an ever harsher external financial environment, if we want to achieve our vision to enable independent living, we have to make sure we can use more of our own money to invest in new homes and services.

We have got a strong financial plan, but we want it to be stronger to be able to do more of what we want.

We strongly believe that it isn't about filling in logs and reporting at the end of the year.

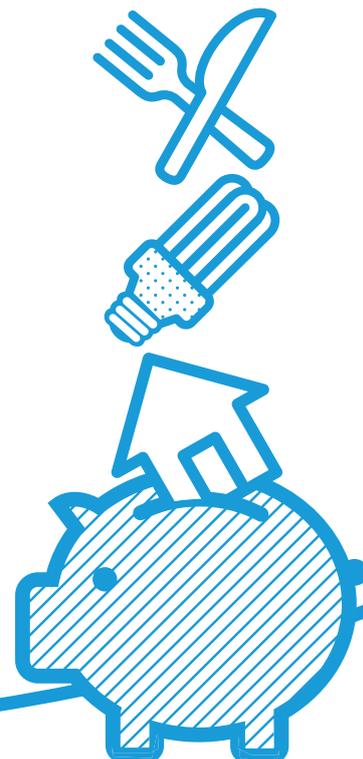
It is about what we do - not just what we spend, and focusing on the right behaviours will ensure that we are able to continue to improve our value for money.

We recognise that we need to spend our money wisely, but that the cheapest option is not always the best option as this sometimes comes at the expense of quality.

We aim to redirect our resources, making the right savings to reinvest and prioritising and focusing on the bigger wins to reinvest. To do this we want to eliminate waste, where waste is defined as everything we do which doesn't directly deliver our purpose.

We aim to have a culture which is tighter and more focused around value for money, sustained by looking outwards to what others are doing and to bring us in line with the best and with a positive customer-centred ethos.

Our aim is for our people to care where our money is spent; to care about ensuring that we get the best value and deals for the service we want to offer.



Our Approach

We want to continuously improve our value for money as it is the right thing to do for our customers, communities and other stakeholders. It enables us to deliver more homes and better services.

We aim to embed value for money in all our decisions and actions; we know we have some further improvements to make to do this consistently and across all processes. We support the regulatory drive around value for money and see our annual self-assessment as the product not the driver of our approach.

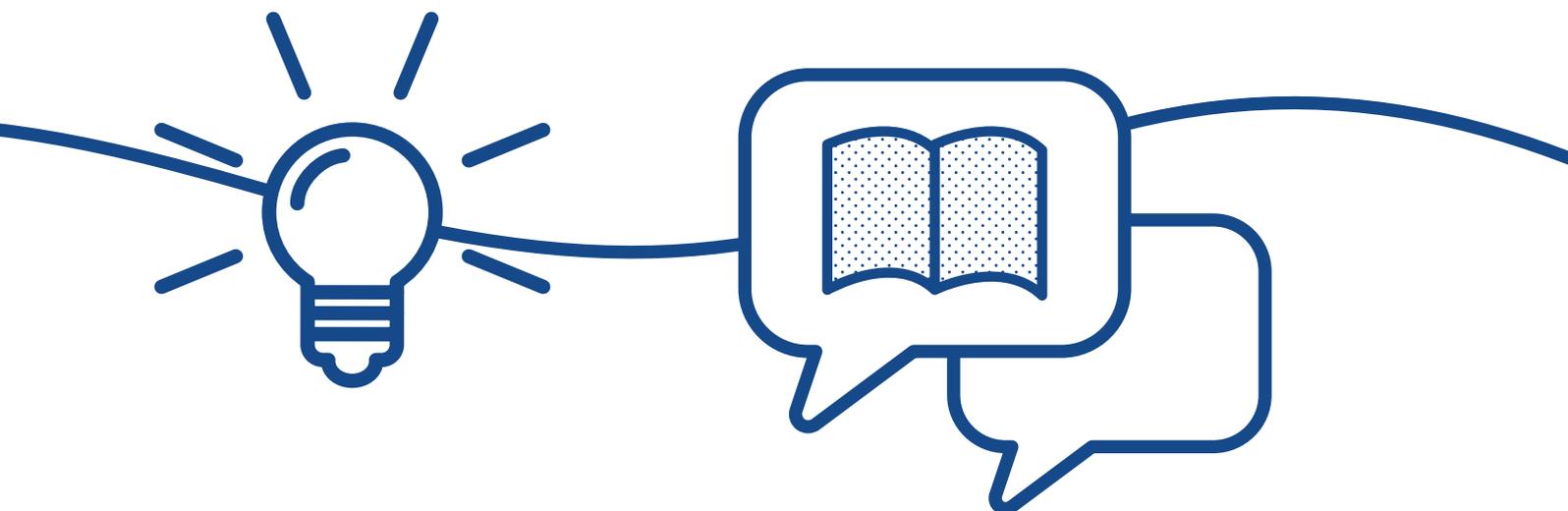
Colne's Board is responsible for setting and monitoring the overall Value for Money Framework through oversight of the corporate plan and the underpinning strategies.

We take a long term view about generating value not just delivering short term savings and aim to deliver improvements which are sustainable over the period of the corporate plan.

We understand the level of surplus we want to generate and have plans of how we want to use this to deliver more. We set annual targets for operating surplus and bottom-line savings as part of the financial planning cycle. Where we set efficiency or savings targets we have evaluated and understand the implications of doing so.

Making savings which we can directly reinvest is important to us – they equate to the additional homes delivered.

We do want to deliver increased value and a social return which does result in direct savings to reinvest but believe strongly that it is still important that we are able understand the business case for doing so and measure the impact we are having.



We give a high strategic focus to growing opportunities to generate income and save costs, actively seek ways of working with others where we can to drive down not only our own costs but those of our partners too.

We set annual plans directly linked to our corporate plan, monitor these throughout the year and report formally on them at the end of the year.

Our approach to reflecting on our achievements in 2014-2015 and in setting our plans for 2015-2016 has been comprehensive. We have engaged with Colne's managers and their teams.

We held resident workshops and reflected on our Customer Insight data. This has ensured we have a fully rounded picture of what we have achieved and areas where we need to improve or enhance our approach.

Embedding Value for Money

It is about how we think as much as what we do - so managing and enthusing our employees to deliver improved value for money is at the heart of achieving our objectives.

We will do this by:

- Using the performance management and appraisal framework to drive continuing change. This will include focusing on the activities which can make the biggest positive impact on our value for money and embedding a set of behaviours which is always questioning of expenditure
- Embedding our aims with our people in an engaging and relevant way
- Introducing a meaningful incentive which underpins the cultural change we want to make and delivers real and sustainable change.

Measurement and Reporting

We will measure how we are performing against our value for money objectives and assess the impact on our business performance.

Comparing Ourselves with Others

It is important to us to understand how we compare with others and we will use a range of means to do this, including the use of the Global Accounts data through the HQN Finance Excellence Network and HouseMark as well as specific and local comparisons.

Colne is also a member of the PlaceShapers group which produces some comparative information on different aspects of members' business. The PlaceShapers group consists of community-based housing providers who are committed to being a key player in supporting and improving their local communities. Operating and cost performance of such like-minded organisations provides a useful insight into Colne's approach to value for money.

By being outward looking we can engage with others to identify and observe best practice to improve the way we work.

We use benchmarking data intelligently, understanding what drives the differences and identifying areas for further investigation; by doing this we focus on improvements we can make.



How residents have been involved

We carried out two resident focus groups to ask residents what value for money means for them and to what extent Colne achieves this.

Our most recent Customer Satisfaction Survey (2013) showed that 84% of residents were satisfied with the value for money provided by their rent and 70% with the value for money provided by their service charges. Both of these are high compared with others in the sector.

In 2015-2016 we shaped a new approach to scrutiny and will be developing our Resident Empowerment strategy and service review. Through this, residents will have a greater opportunity to influence the services they receive as well as to undertake self-development through skills and training opportunities.

The anticipated benefits from this are:

- scrutiny which is resident led
- increased satisfaction with opportunities for involvement
- increased number of engaged residents
- greater diversity in the demographic of resident groups.



Achievements 2015-2016



well done!

Housing management costs

Our housing management costs are driven by the volume of contact with our residents and the way in which we do this, so it is our service model and the channels we use which are our focus of attention in improving value for money.

Colne is robust in determining the number of staff needed to deliver the front line service delivery through effective challenge to service managers.

There has been a comprehensive piece of work undertaken to understand the costs of our services and the charges that are recovered from our customers, maximizing our ability to collect our income and to make decisions based on accurate data to influence and inform the direct services we provide to customers.

We are not complacent and there is ongoing work with the teams to ensure that we have clear systems and processes in place to capture future cost expenditure and profiles.

We undertook a comprehensive review which will result in a more efficient way of delivering of Care and Support services. The aim was to respond to the external environment, funding challenges to ensure that our service meets the needs of our customers.

Benchmarking of our services through HouseMark highlights key strengths in our income performance and lettings management. Whilst these costs are indicated as high cost when considered against peers for 2014-2015 for income, our discussion with peers in rent clubs reflects our view that our team is modest in comparison and we need to explore the basis of this assessment.

We have increased the team's access to welfare rights expertise and we are combining this with planned action on IT tools to increase automation of regular actions so we continue to maximize our income collection and effectively collect our arrears..

Performance remains strong in our lettings management. We are in the top quartile and have done so despite increased property numbers and through robust management of our repairs contractor. We have a highly motivated team of Neighbourhood Officers who work closely with them to ensure our properties are let on average within 15-17 days of being empty.

As we continue to evolve and develop our services and our understanding of our costs we will be able to work with our customers to enable the use of technology to deliver self-service and digital communication. This will save costs and enable growth in stock numbers without the expected increase in costs.



Strategic Value for Money objectives

The majority of our Value for Money objectives were achieved:

Deliver cost effective and efficient service delivery

Delivered our critically-important Asset Management Strategy which drives value for money benefits from our assets

Focus on digital channel use

Review funding requirements

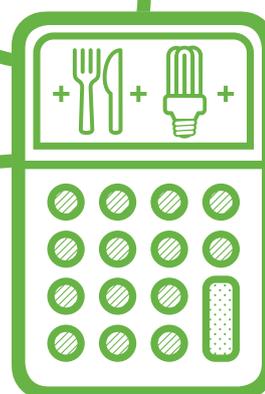
Include explicit Value for Money objectives in all cross-cutting strategies

Improve internal and external communication

Remain a competitive business which attracts the best people

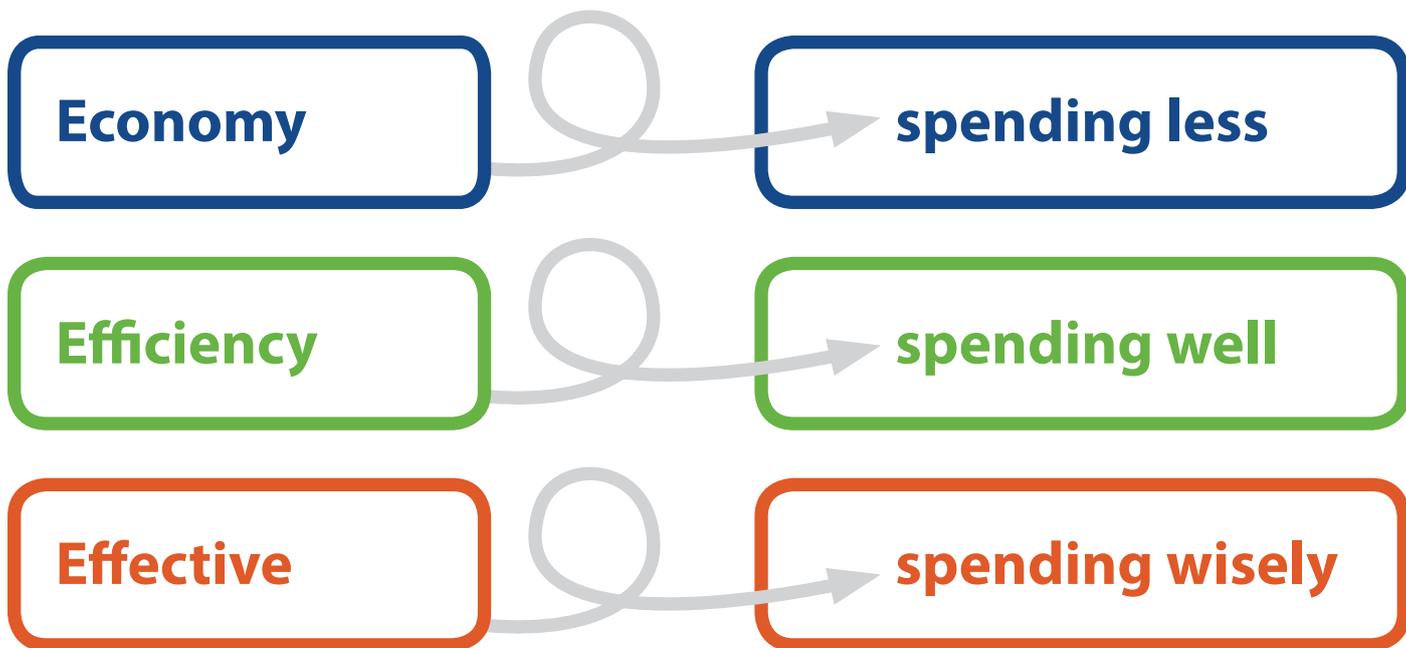
During the year, as we developed our refreshed Business Strategy we made a conscious decision to postpone some of them. We acknowledged it would shape strategies for community investment, procurement and the service model.

The objective to reduce interest costs was not achieved as we reassessed our financial plan and funding needs following the changes arising from the July 2015 budget and the refreshed Business Strategy. This is now being delivered in 2016-2017.

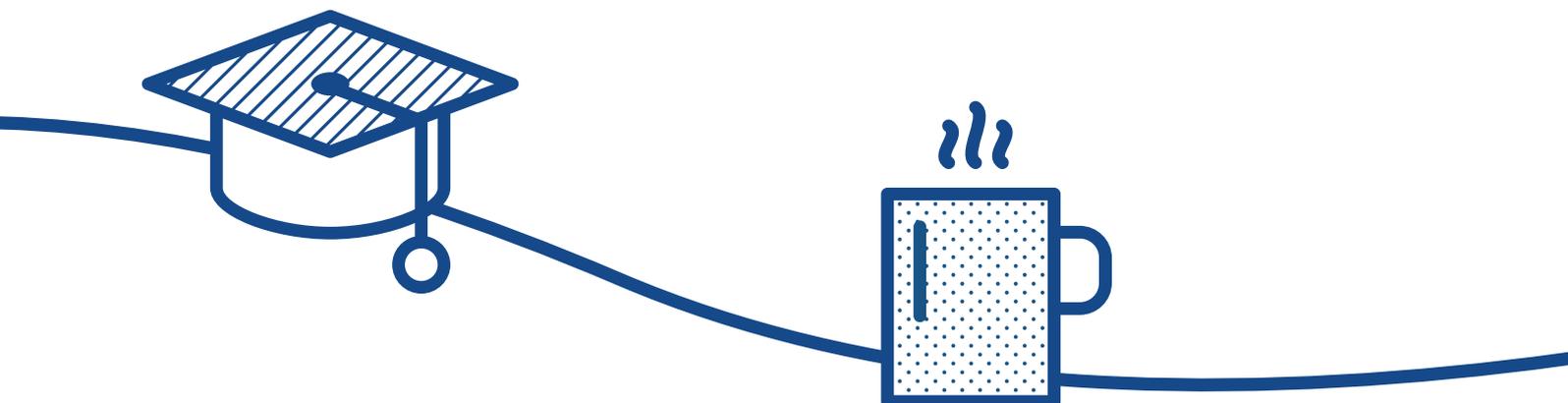


2016-2017 Plans

Colne will focus on achieving value for money against three categories:



Our plans directly reflect our goals. In financial benchmarking terms Colne fares well against its peers. This means the Board will focus on strategic drivers that deliver the greatest value for money for Colne whilst applying sound business judgements to efficiencies day to day.



Economy

This year Colne will continue its positive relationship with Eastern Procurement (EP). It uses its position on the Board to influence improvements for procurement in the region and during 2016-2017 this will include extending the EP service offer. In real terms it is forecast that Colne will achieve up to 5% savings on planned preventive maintenance contracts overall.

Through the gas serving re-tender Colne seeks to achieve a further £25k saving through the EP model.

Colne will re-tender its cleaning service in year and will seek to improve quality whilst driving efficiency through transparent consultation and utilising the EP framework agreements to improve cost.

Colne will undertake a review of its approach to procurement, particularly outside of the EP model to assess whether there are more efficient and effective ways of procuring services and provision.

Colne has invested in a modernisation programme and as part of this has reduced office floor space, both to achieve greater value but to also drive economy of resource optimisation. Agile working and changing behaviours is a core part of the approach to value for money. Office savings will total £45k per year.

Debt cost reductions projections are set at circa £300k per year.

Colne benefits in the reduction of cost in relation to its development activity. In year it seeks to achieve £140k gift aid back from Icenl to allow it to re-invest in more homes.

Colne's Board have approved an ICT Strategy that seeks to invest to save. Its intent will be to reduce resources to achieve more. In year this will include investing in self-serve HR, optimising Omni (the housing management platform) to reduce the administrative burden on rent collection and improving "touch button" key performance indicator data to support decision making and business assurance.

A legal services re-tender will expect to achieve a minimum of 10% savings against current costs.

Efficiency

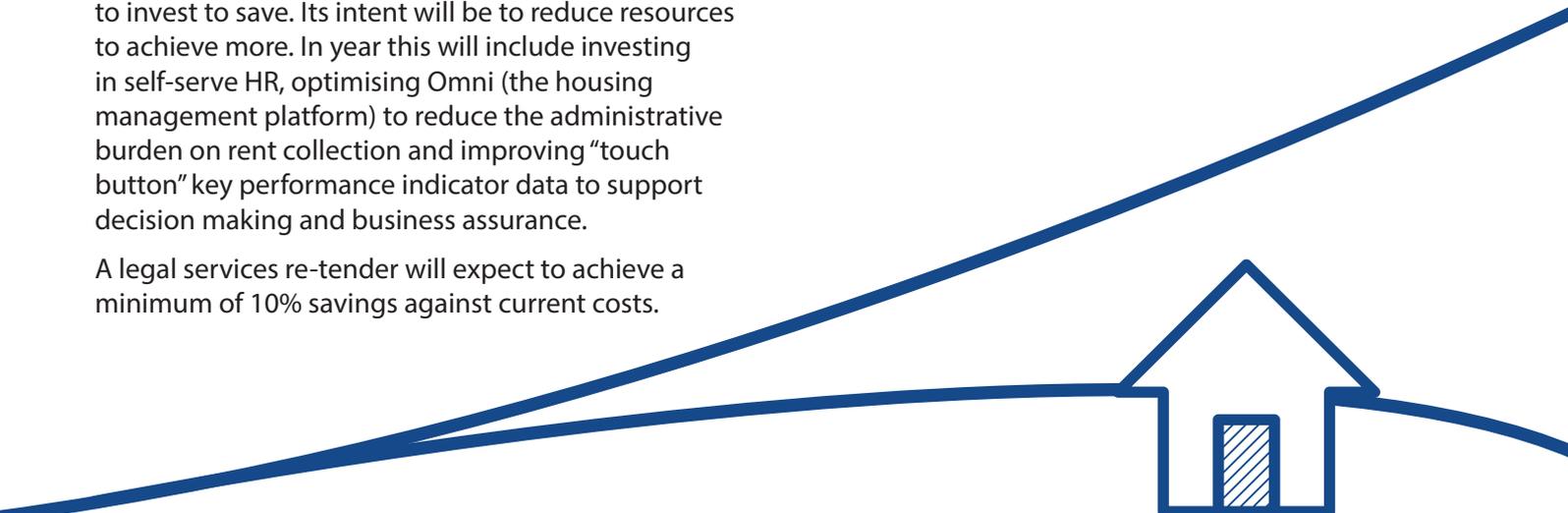
Colne has a third party service offer which achieves £125k income back into Colne. As part of its growth and efficiency focus, its ability to build on this model will be assessed and efficiency benefits will form a key part of a refreshed business case where applicable.

In year Colne will seek to review its private sector leasing model and improve on its current cost margins of 5%.

Colne has a target within its Business Strategy to undertake a roots and branch review of its service model. This will result in an offer that is not focused on tenure but on individual needs.

For those who are assessed as more independent and self-reliant, Colne will invest in a digitally based offer which is fast, efficient and effective, but which will seek to optimise resources to achieve better value.

A service charge review will seek to ensure that Colne is collecting the right level of charge against services provided. In doing this we will ensure that residents who receive the services are being charged rather than them being funded out of everyone's rents.



2016-2017 Plans

Effective

An organisational development programme will focus on behaviour change and in year training for staff will have a focus on personal capacity building to ensure that Colne's people are highly skilled, fleet of foot and are able to influence spend and savings in a way that achieves value and drives improvements.

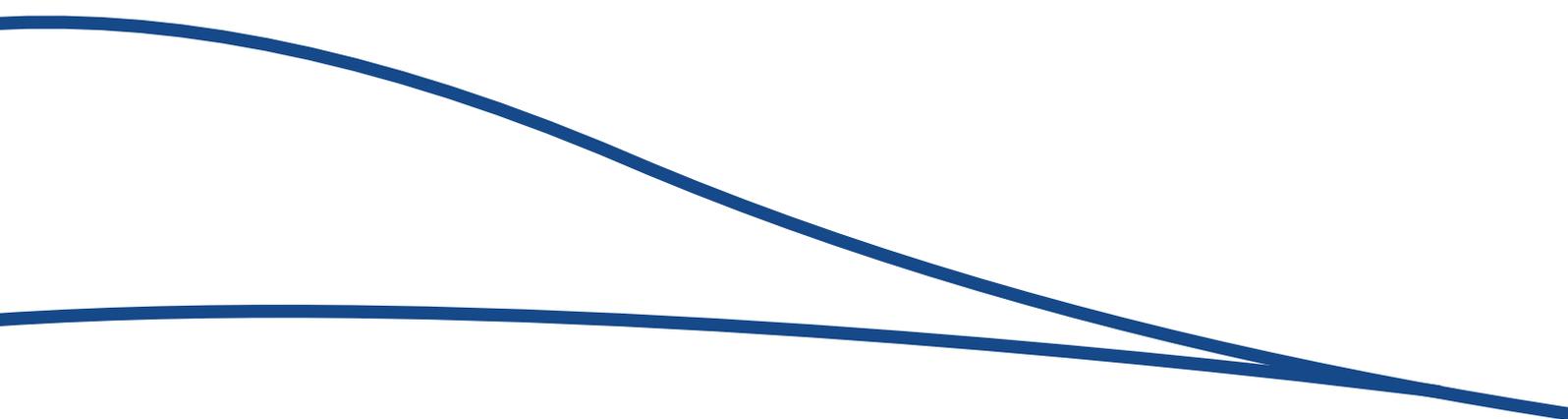
Resident support work will continue to focus on fuel poverty initiatives and training and skills to improve return to work or work opportunity.

Community Investment activity will focus specifically on apprenticeships, training and capacity building with outcomes providing evidence of financial self-reliance.

Colne will seek to grow its "My Plan" initiative. This is funded through the local authority and health bodies and reduced costs for health and social services, whilst also delivering positive outcomes in our neighbourhoods.

As a resilient company Colne aims to keep operating margins at 35% and to maintain its credit rating of AA-.

Colne has set stretching key performance targets which support the approach of "doing the right thing in the right way".



2016-2017 Plans at a Glance

Value for money Objective

Define appetite for shared service models and assess the benefits of increasing existing and financially positive third party service offer

Six disposals will be achieved, the benefits of which will fund greater delivery of new homes

Deliver an Open Market Sales pilot

Achieve up to 5% savings on planned preventive maintenance contracts overall

Gas serving re-tender - Colne seeks to achieve a further £25k saving through the Eastern Procurement (EP) model

Re-tender cleaning service and seek to improve quality whilst driving efficiency through transparent consultation and utilising the EP framework agreements to improve cost

Undertake a review of approach to procurement, particularly outside of the EP model to assess whether there are more efficient and effective ways of procuring services and provision

Realise sustainable office savings of £45k net

Reduce the annual interest costs of loans by £300k

Realise £140k of gift aid back from Icen Homes, our development partner

Optimise use of IT to generate efficiency savings and improve effectiveness including investing in self-serve HR, optimising Omni (the housing management platform) and improving "touch button" Key Performance Indicator data to support decision making and business assurance

Re-tender legal services to achieve a minimum of 10% savings against current costs

Refresh business case for third party services offer, reviewing our ability to build on this model and assessing assessed and efficiency benefits

Review our private sector lease model and improve on current cost margins of 5%

Review service charges model to ensure that Colne is collecting the right level of charge against services provided

Resident support work will continue to focus on fuel poverty initiatives and training and skills to improve return to work or work opportunity

Community Investment activity will focus specifically on apprenticeships, training and capacity building with outcomes providing evidence of financial self-reliance

Colne will seek to grow its My Plan initiative for vulnerable elderly people

Keep operating margins at 35% and maintain its AA- credit rating

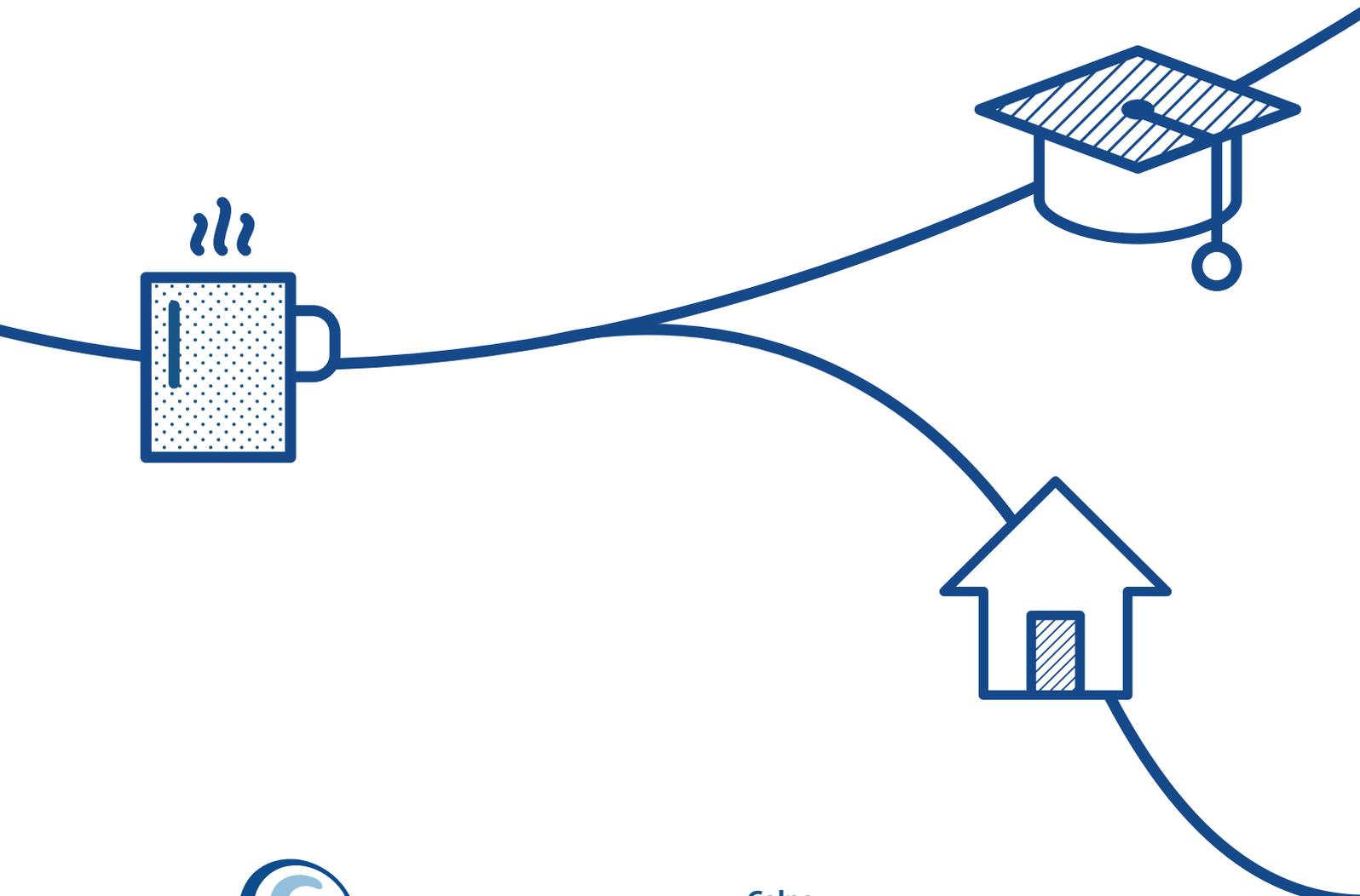
Include Value for Money statement in role profiles

Develop a Value for Money incentive scheme

Define level of surplus and what it is for

Highlight Value for Money indicators in key performance indicators suite – adding others as required to demonstrate Value for money e.g. return on investment

Develop a compelling internal narrative for our Value for Money framework



We will make every effort to provide information in alternative formats on request, including audio, large print and translations.

Colne

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