



Added Value

Maintaining the Group's financial viability is essential to the delivery of our plans.

The social housing sector operates in a challenging environment. In the face of such challenges, optimising resources to achieve better services for customers isn't just value for money but good business sense.

The Homes and Communities Agency's Value for Money Standard

The Homes and Communities Agency (HCA) requires us, as registered providers of social housing, to meet their Value for Money Standard.

In order to demonstrate how we meet the expected standard, we are required to annually publish a robust self-assessment for stakeholders providing specific evidence of our value for money gains.

Value for Money Strategy

We've developed a strategy that sets out how we aim to deliver value for money, shows the actions we'll take to get there, and outlines how we'll measure our progress.

Establishing a value for money culture

Value for money is embedded into the Group's work rather than being considered in isolation as an 'add on'. It is part of our policies and procedures, and our objectives and development plans, so that it remains at the forefront of every colleague's mind when making key decisions.

We established a Value for Money Working Group in January 2016, accountable to County Durham Housing Group's Board, consisting of senior colleagues from the Group's parent and subsidiary landlords, and chaired by the Group Director of Finance and Resources.

The group meets to develop, monitor and review the group wide approach to value for money, through devising measurement tools, recording gains, benchmarking, working on new initiatives, and producing the annual self-assessment and other reports.

Understanding the Group's assets and their financial viability

Approximately 97% of the Group's income is derived from our housing stock and, as such, this forms the focus of our current asset management strategy (AMS).

To ensure any investment is primarily based on financially sustainable stock, the Group has developed a 'Financial Assessment Tool and Asset Locator' (FATAL), which uses data to align every individual property with a value, representing its contribution to our financial position.



Utilising the FATAL model, we can be smarter in determining where to focus investment in our stock; and in identifying properties that are not financially viable.

Where this assessment determines the property is no longer viable, we intend to dispose of it with a covenant requiring sale to an owner occupier, in line with the Group's aim of achieving strong sustainable communities. Disposal generates funds for investment in our viable stock and in developing new properties that better meet the needs of our customers.

Key value for money gains in 2015/2016

A number of key value for money gains were achieved during 2015/2016, including:

- £100k a year saved by renegotiating the lease terms on East Durham Homes' offices at Meridian Court
- £33k saved by consolidating and procuring a single multi-functional device, or printing and document scanning, contract for the whole group
- £10,221 saved by subscribing to the benchmarking organisation, HouseMark, as a group rather than three separate landlords
- £6,264 a year saved by investing in iPads for board members to reduce printing and paper costs for meetings
- £4k a year saved by East Durham Homes developing an in-house customer training programme rather than using an external provider.

2016/17 value for money plans and savings target

We launched our Regroup programme at the beginning of 2016, which, as a whole, is looking at how we can transform services to make us more efficient, provide more targeted customer service and realise our value for money ambitions.

The following savings targets have been developed to allow us to assess the effectiveness of the programme in each area of the Group's operations:

- People first efficiencies - £2m saving over four years
- Single housing management system - £0.4m saving over five years
- Governance review and other areas - £0.1m saving
- Procurement reviews - £1m saving over three years
- Service reviews - £0.5m saving.

Under the Regroup banner, we have also identified a number of areas where we expect to result in savings for the Group:

- Obtaining £200k additional grant funding to deliver new build developments
- Pursuing Section 106 new build unit opportunities with the aim of reducing development costs by 30% when compared with the Group developing its own units
- Saving £40k through the use of the North East Jobs website and reduced external agencies for staffing
- Saving £24k through a Legal/Governance Team staffing structure review.

If you wish to read more about our approach to value for money and our work during 2015/16, you can read the complete self- assessment at:

www.countydurhamhousinggroup.co.uk/about-us/added-value