



# Value for Money update 2020 and beyond



Making Lives Better

## Introduction

We are one of the leading providers of housing, care and support services in south Wales. Providing high-quality affordable homes and support for people to maintain their independence and well-being for as long as possible.

We provide care to people in their own homes, in supported housing or in our residential care and nursing homes. We have a significant history of successful delivery that spans over 50 years and we are very proud of what we have achieved in that time.

Our ambition is to transform housing, health, social care and support in order to improve the well-being of our customers and our communities.

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We face continued challenges and increasing needs across the sector and we are navigating this ever changing environment by ensuring that our service offer, approach to Value for Money (VfM) and governance structures support our core purpose whilst delivering our strategic and financial goals. Delivering social value for our customers and communities is at the heart of our approach, across all our Group businesses and functions

**Tracey Healey, Corporate Director – Assurance,  
Governance and Business Change**

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“

This important initiative in developing a shared sector approach in Wales will allow us to compare our performance, learn from others and celebrate our achievements. For our Customers, Stakeholders and Board it will offer assurance concerning our commitment to providing VfM”

**Jas Bains, Chief Executive**

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## What is Value for Money? (VfM)

Value for Money (VfM) is about delivering services in the most effective and efficient way, aligned to our vision of improving the health, well-being and prosperity in communities by helping to integrate the systems of housing, health, social care and support.

There are a range of perspectives held by different stakeholders on what the 'value' means in VfM. For us VfM is about ensuring that every pound spent delivers the maximum impact possible in terms the best use of resources in the pursuit of social objectives that benefit a range of stakeholders.

Value for Money and Community Benefits (VfM) is about being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide quality homes backed by high quality services, care and support.

## What informs our VfM update?




In 2019 we developed our first <sup>1</sup>VfM Strategy. On developing our strategy and meeting our obligations under the Welsh Governments Regulatory Framework, we also saw an opportunity. An opportunity to thrive during times when resources are being stretched to meet the challenges 2020 has brought us and beyond.

Within our strategy, we identified four key objectives:

1. Maximise value from our group structure
2. Obtain VfM via procurement
3. Understand value, optimise efficiencies and use resources effectively
4. Deliver community benefits

The following pages provide an update of our activities throughout 2020 and the outcomes this work has achieved in relation to VfM. Assessments are provided for each objective highlighting what we feel our current position is along with future plans and improvements for each VfM strategic objective.

Each Assessment follows a Red, Amber, Green (RAG) rating:

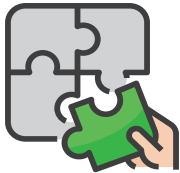
|   | Definition                    | Rating   |
|---|-------------------------------|----------|
|  | Meeting objective             | <b>3</b> |
|  | Further improvements required | <b>2</b> |
|  | Urgent attention required     | <b>1</b> |

<sup>1</sup> Taken from Value for Money Strategy, 08/12/2019

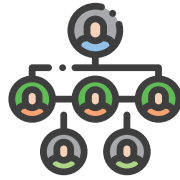
## Maximising value from the group structure

Our group structure provides a range of opportunities to deliver more with the resources we have available. Some of these gains have already been realised, for example, we have optimised our treasury management policy by creating additional capacity through the amalgamation of Housing and Care.

### We have:



<sup>2</sup> developed an annual treasury strategy



established a new leadership structure focusing on investments



set up a board and task and finish group to review our care strategy



provided Income and expenditure information on a scheme basis






<sup>3</sup> development of an asset management strategy for under-performing assets



reports provided on a monthly basis for each business stream

### We have also:

- built a robust Governance Framework to ensure transparency and controls are in place.
- streamlined organisational structure to eliminate silos and duplication of effort
- <sup>4</sup> 30 year financial projections approved by our board and submitted to WG and our lenders allowing us to maintain robust and viable financial and business plans
- <sup>5</sup> maintained a robust financial management framework that ensures resources are effectively allocated and monitored and income collection and inward investment is maximised. This will help us achieve our golden rules and mitigation strategy
- obtained an understanding of our costs and cost drivers to ensure our decisions are underpinned by evidence
- identified properties that are no longer economically viable for disposal through our Asset Management Strategy
- re-structured our Executive Team to achieve financial efficiencies

| VfM Strand            | Economy<br>(Doing things at the right cost)  | Efficiency<br>(Doing things the right way)   | Effectiveness<br>(Doing the right things)  |
|-----------------------|--|--|--|
| Assessment            |   |    |   |
| VfM Outcomes achieved | <ul style="list-style-type: none"> <li>• Increased reporting has resulted in greater understanding of costs across services</li> <li>• Inward investment maximised</li> <li>• Full understanding of costs and cost drivers</li> <li>• Re-invest proceeds from properties disposed</li> </ul> | <ul style="list-style-type: none"> <li>• Strong Governance Framework</li> <li>• Standardisation of best practice processes across the group with less duplication,</li> <li>• Improved work flow efficiency and less complexity.</li> <li>• Silo mentality broken down</li> <li>• Resources now effectively allocated</li> </ul> | <ul style="list-style-type: none"> <li>• Enhanced leadership focus on investment</li> <li>• Under performing assets now highlighted</li> </ul> |
| RAG rating            | 2  | 3  | 2  |

### Future plans and improvements:

- implement an annual treasury strategy
- embed a new financial control framework
- develop an investment strategy with consideration to appropriate funding vehicles
- ensure services are delivered by the right group entity and deliver commercial works which generate surpluses for re-investment in core service delivery.



## Obtain VfM via procurement

A significant potential for VfM efficiencies across our operations is through procurement of goods and services. We have a track record of delivering efficiencies through effective procurement and that approach will continue. Our procurement strategy aims to maximise the achievement of VfM by embedding processes in line with commercial procurement best practice.

### We have:

#### Reviewed / re-procured the following contracts:



#### Employment legal services

To achieve a single provider with set rates, reducing operational costs previously experienced with multiple providers with fluctuating rates and increasing efficiency and consistency in service.



#### Postage

To achieve £8K savings p.a against previous costs (88% saving), the process also introduced a new approach to postage which is a far more efficient and environmentally friendly process.



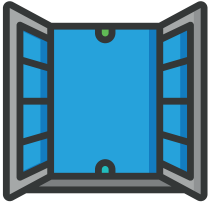
#### Green Meadow car park

Which ensured bids were evaluated both on the price and the quality of works that were to be expected. This provided a greater confidence in the competence of the contractor to meet our customers' needs in addition to achieving an £18K saving against the budgeted cost (32%).



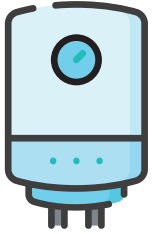
#### Care staff uniforms

Which ensured bids were evaluated both on the price and the quality of products and services to be delivered. This provided savings of £23K p.a (36.5%) against previous pricing.



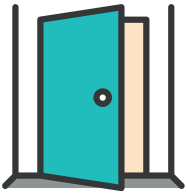
### Planned windows renewal

Through a restricted competitive tendering process and market comparisons to support social enterprises. Contract awarded to local social enterprise achieving significant social value as well as service delivery value.



### Care home boiler renewal

Which ensured bids were evaluated both on the price and the quality of works that were to be expected. This provided a greater confidence in the competence of the contractor to meet our customers' needs as well as the confidence that the price was fair and reasonable.



### Planned exterior door renewal

Which ensured bids were evaluated both on the price and the quality of works and products that were to be expected. This provided a greater confidence in the competence of the contractor to meet our customers' needs as well as the confidence that the price was fair and reasonable.



### Electric safety testing

To achieve a single provider with set rates. This will reduce operational costs previously experienced with multiple providers with fluctuating rates.



### Office printers

Through a framework process to achieve £30K p.a savings against previous costs (40% saving), the process also introduced a reduced fleet of printers improving our environmental footprint as well as a more secure printing infrastructure.

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A recent internal audit has provided positive assurance concerning our Procurement activities:  
**The internal audit opinion provides the Board with assurance that the controls in place are suitably designed and consistently applied. More specifically, controls around high-value procurement and tendering are well designed and are being suitably complied with.**

**Gareth Yeoman-Evans,  
Corporate Director - Finance and Investments**




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The greatest value achieved through our procurement activities is far greater than monetary. The process enables the business the opportunity to correctly review and define its needs, rather than just repeating old habits. It allows for providers to be assessed not simply on the cost they offer, but on the service/ products they will deliver. These processes have allowed us to evaluate the businesses we are engaging with on a more cultural level to ensure that they are the right businesses for Hafod to be engaged with.

Through these processes we are now challenging providers to be innovative in their delivery of community benefits and are moving toward developing a model that drives value not just into our customers lives, but those of our wider communities through social value considerations.

By following an activity to establish what we and our customers actually need, and evaluating providers on a wider range of criteria than simply cost, we can provide confidence that we are deriving the maximum value from every pound we spend.



| VfM Strand            | Economy<br>(Doing things at the right cost)  | Efficiency<br>(Doing things the right way)  | Effectiveness<br>(Doing the right things)   |
|-----------------------|--|---|---|
| Assessment            |   |   |    |
| VfM Outcomes achieved | <ul style="list-style-type: none"> <li>Savings over £79,000 achieved, ensuring we have more money to invest in services for customers. Maximum value obtained from every £ spent.</li> <li>Social value initiatives benefit communities</li> </ul> | <ul style="list-style-type: none"> <li>Controls implemented for high value contracts</li> <li>Business needs correctly defined</li> <li>The right contractors for the right jobs</li> </ul> | <ul style="list-style-type: none"> <li>Effective procurement processes implemented in line with commercial best practice</li> <li>Business needs correctly defined</li> </ul> |
| RAG rating            | 3  | 2   | 2   |

## Future plans and improvements:



**Building materials**  
anticipated 10% annual savings (£90,000)



**Agency and recruitment**  
anticipated 5% annual savings (£55,000)



**Fire equipment and maintenance** - anticipated 10% annual savings (£42,000)



**Medical equipment and furniture** - anticipated 7.5% annual savings (£36,000)



**Legal and associated services** – anticipated 2.5% annual savings (£25,000)



**Cleaning supplies** – anticipated 10% annual savings (£18,000)

# Understand value, optimise efficiencies and use resources effectively

We've developed a transformation programme to promote the benefits of change and create a culture of improvement across the organisation. Using recognised improvement techniques, we will improve our ways of working to maximise efficiency, reduce colleague time spent on administration which will add value to the business, its operations and to our customers.

## What we have done:

The introduction of our transformation programme is a key focus and investment which provides us with a platform to change our processes and systems so that we can deliver simple ways of working that put our customers first. This has ensured:



- all changes within the organisation (e.g system implementation, change in process,) is a managed and effective change.



- that customers are involved, customer impact is considered and measured, processes are as effective and efficient as possible, fostering a culture of change and innovation.



- there's a centralised record of all changes across the organisation transparently applying objective priority to changes that occur, allowing the organisation to maximise the use of resources in line with strategic objectives.



- a consistent method of identifying and implementing quick wins that add value to the organisation's operations, reducing manual process which has returned time and value back to our customers.

## Simplify project success

Our Simplify transformation project captures ideas from colleagues in all areas of our organisation which are quick to implement but have a big impact.

Ideas are collected via an online survey or in person with colleagues, before being added into a pipeline which assesses them and issues a priority score. This score then informs the schedule for completing ideas.

Once complete, ideas are reviewed with those who submitted them, and outcomes such as time savings are measured.

Completing quick wins allows us to demonstrate how effective transformation can be, and by moving quickly we can evidence tangible, valuable outcomes and maintain the momentum of transformation across our organisation.

## Assessing Ideas

Once submitted and investigated, ideas are given a priority score based on three factors:

### Impact

Who will this idea affect?

### Value

What value does the idea bring? Is it simply nice to have or does it make the process more efficient?

### Time

How long will it take? Our IT department establish how long the idea will take to implement. Quick wins take no more than eight hours of IT time.

Throughout the first six months of 2020 we have seen:

**126**

ideas logged

**32**

ideas underway

**29**

ideas completed

**1633**

work hours saved

**227**

work days saved

**£20k**

value returned

## Simplify examples



### Question of the Week – Engagement team

#### Problem

Our Engagement team were using time and resource-heavy methods to collect responses to questions asked to customers about our services.



#### Solution

A new contact classification was set up in our contact management system that allowed customer services to record answers to a monthly 'question of the week' at the end of incoming calls. The Engagement team have the ability to edit the 'help caption' each month to guide colleagues, and can pull a report to view the answers over a given week.



#### Outcome

Across the first three months, customer services collected an average of 181 responses per month. Compared to the previous methods used to collect this level of response, it is estimated that this could save up to 217 hours per year, valued at £2606.



## Auto-selecting surveyors – customer services

### Problem

When customer services raised repair orders, they were manually cc'ing the relevant maintenance surveyor into the order email to notify them. This could be time consuming and resulted in heavy email traffic to the Maintenance team.



### Solution

Eliminate the need for customer services to copy Maintenance into the email. Instead, generate a daily report which summarises the day's orders and distribute it to Maintenance colleagues.



### Outcome

The process of raising orders became quicker and as a knock-on effect has reduced order-related email traffic to surveyors by approximately 84%. This idea saved up to 33 hours per year, valued at £400.

## Longer tenancy statements – neighbourhood coaches



### Problem

When accessing tenancy statements via our Customer Relationship Management (CRM) system, neighbourhood coaches were required to load a report if they wanted to see more than three months of rent history, which could take some time to generate. With the start of Universal Credit, it was decided that six months was more useful.






### Solution

Rent statements within CRM were adjusted to show up to six months of rent history without needing to load the report, which could take up to 93 seconds to load.



### Outcome

Given the number of statements viewed per week by neighbourhood coaches, it is estimated that this idea will save up to 256 hours per year, valued at £3,072.

| VfM Strand            | Economy<br>(Doing things at the right cost)   | Efficiency<br>(Doing things the right way)  | Effectiveness<br>(Doing the right things)   |
|-----------------------|---|---|---|
| Assessment            |    |   |    |
| VfM Outcomes achieved | <ul style="list-style-type: none"> <li>• Over £20,000 saved</li> <li>• 1633 work hours saved to focus on high value activities</li> </ul> | <ul style="list-style-type: none"> <li>• Projects are implemented right first time</li> <li>• Reduced time spent on manual processes</li> <li>• Resources across the Group maximised</li> <li>• Improved data quality</li> <li>• Improved data accessibility</li> </ul> | <ul style="list-style-type: none"> <li>• Transformation programme ensures we are doing the right way</li> <li>• Importance of transformation realised</li> <li>• Colleagues upskilled in project management and change</li> </ul> |
| RAG rating            | 2   | 3   | 2   |

### Future plans and improvements:

- Establish a Project Board to oversee the strategic projects across the organisation and monitor progress against the strategic objectives
- Restructure the current ICT service delivery model
- Implementation of a new ICT infrastructure service
- Finalise and report on process reviews of the following services:
  - Income recovery
  - Anti-social behaviour
  - Void management
- Fully implement Dynamic Repairs System (DRS) system which will provide appointment at first point of contact and allow for electronic updates of repair request progress
- Investigate the use of video technology to reduce pre and post inspection processes in assets



## Delivering community benefits

A key priority for us is to proactively seek opportunities for community benefits and to add social value to our work. By building strong relationships with our customers, understanding community needs and unlocking people's potential we are paving the way for a future where our customers do for themselves and each other; building sustainable, resilient communities.

### What we have done:

Already in 2020, significant impact has been made on realising positive community benefits for Hafod customers.

Our money advice team work closely with communities undertaking a key role in tackling poverty and financial hardship. Providing expert and valuable advice, the team support residents to manage budgets, plan expenditure and deal with their finances in the longer term. During the first six months of 2020 the team received 662 referrals:

**247**  
for benefits  
advice

**£25,960**  
raised and  
saved per  
month for  
customers  
through the  
advice given

**136**  
for money  
advice

**241**  
'other'  
classifications  
that had  
numerous  
referral  
reasons

**38**  
for grants  
advice

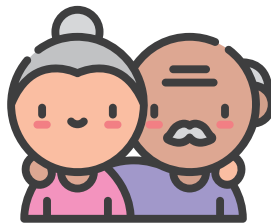
The £25,960 financial gains comprises of money changes for our residents.

This is composed of benefits gained for residents.

For example:



**Personal Independence  
Payments (awards for a  
period of 3 years)**



**Attendance Allowance  
to assist pension-age  
residents**



**Universal Credit or  
Housing Benefits**

All of the benefits gained result in the resident's income being maximised so that they can sustain their life and tenancy.

In addition to this the Money advisers will reduce the debts and arrange affordable repayments within their budget; if there are situations where the debts are as a result of mental health circumstances then this will be evidenced and a request for the debt to be written off will be submitted.

Our money advisers will also apply for grants to assist residents with their essential needs within the home, applications to the British Legion, Grocery Aid Discretionary Assistance Fund etc.

The goal of the Money Adviser's in a nut shell is 'to better the finances of our residents to enable them to manage their tenancy and their life'.

The service provided is extensive with often complex and multiple needs being met at one time, also linking to routes into training, employment and other health or social needs.

Our Neighbourhood Coaches work hard to develop positive relationships with tenants to enable households and communities reach their full potential, focusing on what people can do, rather than what they can't.

Since the pandemic with lockdown measures in place, the team has adapted their way of working to reach out further to households, especially those at higher risk through the provision of welfare calls. From mid March to the end of July this keeping in touch approach focused on households with persons over the age of 70, single people under the age of 35, and households with people with underlying health conditions.

This amounted to:

**1,143**

**welfare telephone calls – with some ongoing weekly calls**

**91**

**food parcels being provided**

**585**

**letters to tenants offering support**

**9,935**

**interactive text messages**

Feedback has been positive, with many tenants relaying that this proactive approach has been invaluable to helping to them manage anxieties and isolation through a particularly challenging and uncertain time.

At the beginning of 2020 we launched our Dream Big campaign to provide grants of up to £1,000 along with commercial support to help inspiring individuals who lives in our homes launch businesses or projects that benefit their communities.

We received a total of 17 applications for a range of business ideas with six different ideas being successful. Our support is helping to bring the following dreams to life:



### **Handyman Services / Maesteg**

Sean, an experienced care worker has initialised developing a community handyman business. After completing a painting and decorating course at Bristol College, Sean worked with Business Wales to develop a business plan.



### **LGBTQ+ Cafe and Social Project / Cardiff**

This comprehensive idea is centred around creating an inclusive environment for older members of the LGBTQ+ community to meet, without prejudice and form strong community connections.



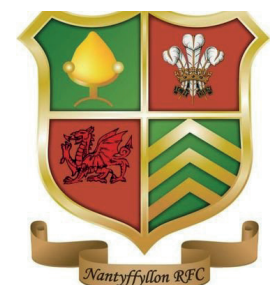
### **Honey & Belle Wax melt snap bars / Cardiff**

Lauren, from Honey & Belle started her small business, creating scented wax melt bars from her manufacturing line at home, utilising her mum's garage as storage space. Since starting she has amassed a 3000 strong following on her Facebook page and is looking to further commercialise and expand her operations, purchasing new equipment in order to increase production.



### **Bridgend Warriors Community Kickboxing Club / Bridgend**

Bridgend Warriors are a community kickboxing club that have been a cornerstone of the Bridgend community for the past 20 years. The Warriors cater for all genders, ages (5-80) and abilities and their students include those with a range of needs, some of which include MS, partially-sighted and individuals with autism. A forced move to new premises has resulted in the club requiring new equipment and kit for its members



### **Nantyffyllon under 10's Rugby Club / Bridgend**




Nantyffyllon rugby club supports children in an area of deprivation, delivering important health and well-being outcomes for its members. The club can currently only support 12 players in its under 10 team due to limited funding and therefore require investment to bolster their equipment and increase their membership to those who are on the waiting list to join and benefit from everything the club has to offer.





## The Contact Zone child contact centre for families / Bridgend

The Contact Zone is a community project set up in 2014 for separated parents to safely see their children in a neutral location and get access to support services along the way. They run every Saturday morning, with 26 volunteers in total helping provide support to families in need. Over the past six years Andrea and the team have managed to help over a 100 families and have witnessed significant benefits for these separated families. The Contact Zone wish to expand their services to include further so families can get access to parenting programmes, counselling and family law advice.

| VfM Strand            | Economy<br>(Doing things at the right cost)  | Efficiency<br>(Doing things the right way)  | Effectiveness<br>(Doing the right things)   |
|-----------------------|--|---|---|
| Assessment            |   |   |    |
| VFM Outcomes achieved | <ul style="list-style-type: none"> <li>Monthly average of £25,960 raised and saved for customers through money and benefits advice</li> <li>£7,000 invested to support customer ambitions</li> </ul> | <ul style="list-style-type: none"> <li>Increased digital skills and remote working abilities of colleagues</li> <li>Enhanced knowledge of community need</li> </ul> | <ul style="list-style-type: none"> <li>Customers feeling supported</li> <li>Strengthened relationships with customers</li> <li>Built community resilience</li> <li>Supported Customer ambitions, unlocking potential</li> </ul> |
| RAG rating            | 2  | 2   | 2   |

### Future plans and improvements:

- Implement a project looking at using our procurement activity to derive greater social value and community benefits for our local communities.
- Undertake targeted activities within communities.
- Assess how the Neighbourhood Coaches are understanding community need and unlocking customer potential.








## VfM approach beyond 2020

As the previous pages highlight, we have a great story to tell, but we need to continue build a full and open picture of our own organisation and the sector. This information is vital, not just for us to honestly assess our own performance, but to use as part of conversations with the Welsh Government, our customers and other stakeholders.

With this in mind, we have recently signed up with Community Housing Cymru (CHC) to be part of a Welsh VfM 'Sector Scorecard' Pilot.

The scorecard aims to demonstrate the sector's accountability to its customers and stakeholders, and includes measurements ranging from the number of new homes built to customer satisfaction.

The metrics are grouped into five areas:

| Theme   | Measure  |
|---|--|
|  <p><b>Business health</b></p>                     | <ul style="list-style-type: none"> <li>• Operating margin (overall)</li> <li>• Operating margin (social housing lettings)</li> <li>• EBITDA MRI (as % interest)</li> </ul> |
|  <p><b>Development - capacity and supply</b></p> | <ul style="list-style-type: none"> <li>• New supply % (social)</li> <li>• New supply % (non-social)</li> <li>• Gearing</li> </ul>  |
|  <p><b>Outcomes delivered</b></p>                | <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Reinvestment %</li> <li>• Investment in communities</li> </ul>                                   |
|  <p><b>Effective asset management</b></p>        | <ul style="list-style-type: none"> <li>• Return on capital employed (ROCE)</li> <li>• Occupancy</li> <li>• Ratio of responsive repair to planned maintenance</li> </ul>    |
|  <p><b>Operating efficiencies</b></p>            | <ul style="list-style-type: none"> <li>• Headline social housing cost per unit</li> <li>• Rent collected</li> <li>• Overheads as a % of adjusted turnover</li> </ul>       |

Over the longer term CHC will be developing an 'impact report' which will articulate how we as a sector contribute and add value to wider society, including how we contribute to the Future Generation Goals. This will draw from findings from the pilot and the VfM indicators.

## Overall RAG rating

| Objective   | Rating     |
|---|------------|
| Maximise value from our group structure                               | 7          |
| Obtain VfM via procurement  | 7          |
| Understand value, optimise efficiencies and use resources effectively | 7          |
| Deliver Community Benefits  | 6          |
| <b>Total rating</b>   | <b>27</b>  |
| <b>Our VfM percentage</b>   | <b>75%</b> |

The maximum score achievable for all 4 VfM objectives is 36.

Based on our 2020 update ratings, we would score 27.  $27 \times 100/36$  gives us a 2020 update VfM percentage of 75%

## Document Reference List

Please click on the links below for further information.

1. Value for Money Strategy
2. Annual Treasury Strategy
3. Asset Management Strategy
4. 30 year financial projections
5. Financial Management framework
6. Procurement Strategy

