

Efficiency and Procurement Strategy

2010 – 2013

©Homes for Islington

Highbury House
5 Highbury Crescent
London N5 1RN

February 2010

Contents

- 1 Forward 4
- 2 Efficiency 5
- 3 Key Drivers 6
- 4 Progress so far 8
- 5 HFI’s efficiency objectives12
- 6 How we will improve efficiency13
- 7 Informing our decisions16
- 8 Procurement.....19
- 9 Equality and sustainability considerations23

- Appendix 1 Efficiency Action Plan 2010 - 201325

- Appendix 2 Service Efficiency Review Outcomes 2006 - 200929

1 Forward

This is Homes for Islington's second efficiency strategy and it represents a consolidation on the work we did to implement the first strategy. We now have in place a structure to manage our efficiency work and a decision-making process that places efficiency at its heart. We have made significant savings in cash terms and we have improved our services at no extra cost. From the cash we have saved we have introduced new services.

We don't underestimate the challenges Homes for Islington will face in the life of this strategy particularly if government demands more stringent savings. But we believe we are well placed to meet those challenges, maintain services for our customers, continue to improve them and carry on getting better value for money in what we do.

Theresa Coyle

Chair, Homes for Islington Board

Ann Lucas

Efficiency Champion, HFI Board Director

2 Efficiency

Homes for Islington's first efficiency strategy covered the period 2005 to 2009 and oversaw a comprehensive programme to improve efficiency and services. Under the strategy HFI set up a service review programme so that all services would be thoroughly reviewed. From each review an action plan was created and implemented. The efficiency strategy and service reviews were managed and monitored by HFI's senior management team together with representatives from HFI's Board and Islington Council through the Efficiency and Procurement Review Group and the Service Efficiency Review Panel.

HFI now has a robust value for money culture and established mechanisms for improving efficiency and reviewing services. This strategy, covering the years 2010 to 2013, builds on those but does not seek to overturn a process that is largely effective. There is scope for improvement in the way reviews are carried out and review targets are set and these are addressed in the action plan for this strategy.

2.1 Value for money and efficiency

Value for money is a measure of both cost and quality and requires a balancing of quality factors such as effectiveness, durability, service and consistency together with price.

For landlord services the main value for money measures are generally considered to be:

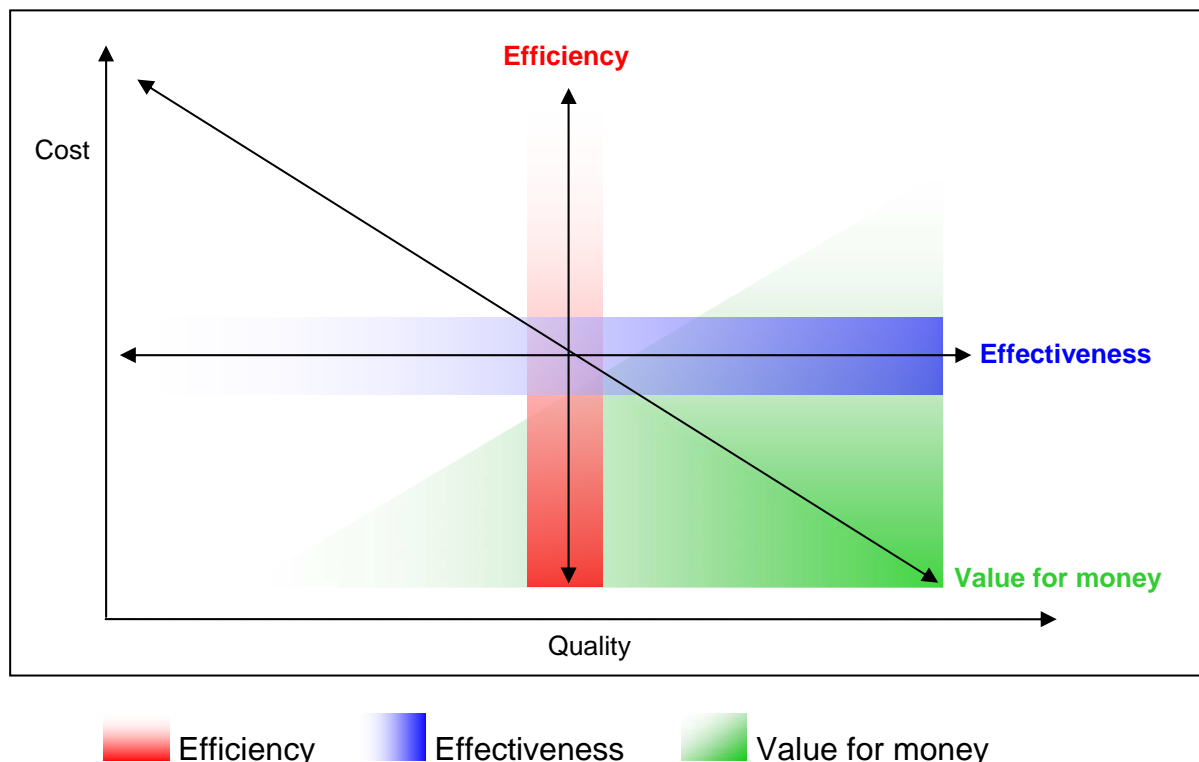
- Service cost
- Unit cost
- Quality of service
- Quantitative measures using performance indicators
- Customer satisfaction

Efficiency is a narrower concept, looking at the cost and resources used to provide a product or service. Efficiency can best be judged by comparing similar services and looking to see which uses the least resources to produce. Providing the same service at a lower cost increases efficiency.

Effectiveness is a measure of how good a service is at meeting customer needs. Customer satisfaction is the standard way of measuring effectiveness and improving customer satisfaction without increasing costs increases effectiveness.

Value for money can be seen as a combination of efficiency and effectiveness. A service that is highly effective and is provided at a low cost would give the best value for money.

Figure 1. The relationship between value for money, efficiency and effectiveness



3 Key Drivers

3.1 *The economic climate and the pressure on public spending*

This efficiency strategy from 2010 to 2013 has been prepared at a time when Britain's economy is fragile and all political parties are promising action to reduce public sector borrowing. Regardless of when the economy begins to grow stronger, there is little doubt that government pressure on public spending will affect local authority budgets and savings in the Housing Revenue Account will be called for.

A general election will be held some time in the first half of 2010 and it seems unlikely that, if a more stringent regime of efficiencies is required, there will be a clear direction until the middle of 2010 at the earliest.

In the meantime the government's requirement for 3% efficiency savings remains in force and this strategy has been developed to enable Homes for Islington achieve savings of that order. However we recognise that if the new government sets efficiency requirements on a far greater scale, this strategy will not by itself be sufficient to meet that requirement. In that event HFI will revise its approach and develop a new strategy to meet the changed requirements.

3.2 Efficiency expectations

HM Treasury commissioned Sir Peter Gershon to lead a public sector efficiency review in 2004. The review aimed at releasing resources into frontline services and cutting the bureaucracy faced by frontline professionals. Gershon identified local government as one of the areas with scope for efficiency savings.

The government has adopted the recommendations of the Gershon review and these have been translated into a series of efficiency targets for national and local government, including ALMOs. The target in 2005/06 through to 2007/08 was 2.5% a year and from 2008/09 has been 3% per year.

Islington Council has set Homes for Islington a target for efficiency savings in line with government targets each year since 2005. The council has currently set HFI a target of 3% a year for the three years 2010/11 to 2012/3.

3.3 Audit Commission

The Audit Commission provides a robust and independent check on social housing providers and local authority performance. Arms length management organisations (ALMOs), like Homes for Islington, have been subject to the greatest monitoring by the Audit Commission because their funding for decent homes work has been contingent on achieving at least two stars in the inspection regime.

Value for money is one of the Audit Commissions criteria set out in its Key Line of Enquiry or KLOE that sets out the standards they look for in their inspections.

3.4 Tenant Services Authority

The government has assigned to the Tenant Services Authority (TSA) the role of monitoring providers of social housing in England including local authorities, ALMOs and housing associations from 1 April 2010. At the time this strategy is being prepared the TSA is consulting on six standards for landlord services one of which is for value for money. The draft standard states the required value for money outcome as:

In meeting all national standards and their local standards, registered providers have a comprehensive approach to managing their resources to provide cost-effective, efficient, quality services and homes to meet tenants' and potential tenants' needs.

Specific value for money requirements in the TSA standard include:

- Publishing information on at least an annual basis that demonstrates:
 - How expenditure is allocated and prioritised on different areas of housing services and investment in new social housing;
 - How providers have ensured that it has secured value for money in that expenditure, how they have tested this, and the benefits that tenants can expect;
 - Their expectations for future value for money improvements.

- Having arrangements for tenants to influence the services delivered and the cost of those services that result in service charges to tenants.
- Governing bodies scrutinising value for money performance.

Having successfully implemented its 2005-09 Efficiency Strategy, which focused on broadly similar standards in the Audit Commission's value for money KLOE, HFI believes it is already well placed to meet the TSA standards and will ensure that it does so in all areas.

3.5 Best value

The Local Government Act 1999 introduced a duty of Best Value for local authorities, which requires continuous improvement in services. Authorities are expected to make their services economic, effective and efficient through a series of best value reviews covering all services over a five year cycle.

3.6 What is an efficiency gain

When the Gershon efficiency programme was introduced the government recognised two categories of efficiency distinguishable by whether they achieved a real or a notional saving in cash. Cashable efficiencies were those which resulted in a real reduction in costs (for example in staffing, premises, materials) or a reduction in price (for example in purchased goods or contracts). Non-cashable efficiencies were those where services could be improved without an increase in costs or where an investment resulted in improvements that exceeded the cost of investment. Non-cashable efficiencies are notional and do not result in real cash savings

The requirement now is for cashable efficiencies only and non-cashable efficiencies, whilst still beneficial to customers and organisations, are not counted.

4 Progress so far

4.1 2006-2009 Efficiency Strategy

The strategy contained an action plan designed to achieve the strategy objectives. All of the actions have been completed and the results have been reported to HFI's Board.

4.2 Service Efficiency Reviews

HFI began an ambitious programme of service reviews in 2006 with the aim of reviewing all key service areas within a five year period. Comprehensive reviews using a streamlined version of the 4C's of best value (compare, consult, compete, challenge) was seen as the best way to improve performance, services and efficiency.

Up to the end of 2009/10 18 reviews were completed covering the following services areas:

- Antisocial behaviour
- Customer access
- Estate services
- Facilities
- HR processes
- Management of the Housing Revenue Account
- IT services
- Leaseholder services
- Legal services
- Mechanical and electrical planned maintenance
- Payment processes
- Clienting of the repairs and maintenance contract
- Recharge policy for repairs
- Rent and arrears collection
- Resident involvement
- Online services
- Translation and interpretation services
- Empty property management
- Communications

4.3 Service Efficiency Review outcomes

The review programme has been successful in delivering scrutiny of the main services and back office functions provided by HFI. The co-ordinated programme ensured that reviews followed a process to a set standard and were appraised by HFI's senior management team.

Each review resulted in an action plan to implement the findings of the review. Every review was successful in identifying ways in which services to customers could be improved or processes streamlined. Less successful was the ability of each review to identify cashable efficiencies or quantify non-cashable efficiencies. As a result whilst it is possible to demonstrate service and process improvements it is not feasible from the information available to show a financial efficiency gain in all cases. A summary of the outcome of each service review is shown in Appendix 2.

4.4 Efficiency achievements

HFI has made efficiency savings each year since the start of the previous Efficiency and Procurement Strategy totalling £5.7 million.

Year	Efficiency Saving %	Efficiency Saving Made £
------	------------------------	-----------------------------

2005/06	2.50%	958,900
2006/07	2.50%	1,054,000
2007/08	2.50%	1,068,900
2008/09	3.00%	1,334,900
2009/10	3.00%	1,282,300

With the agreement of the council some savings have been re-invested in additional services. Examples of cashable efficiency savings made to date, resulting from Service Efficiency Reviews, which contributed to the above savings are:

2009-10

- Integration of leasehold service charges into the main housing computer system, iWorld, in place of a former standalone and outdated system.
- Elimination of vacant posts in Property Services Division
- Creation of a single legal services team within HFI
- Reduced number of governance meetings by the Board and committees

2008-09

- Reduction in costs for food and venues for training and reduced cost of the annual staff conference
- Streamlining rent arrear collection processes
- Improved treasury management and reduction in bank charges
- Streamlining processes in Accountancy
- More creative use of planting in beds on estates saving
- Streamlining of processes and workflows in the caretaking team

2007-08

- Procurement of new insurance cover
- Reduction in legal services costs from Islington Council
- Reduction in IT costs from Islington Council
- Bring management of drain-cleaning on estates in-house

2006-07

- Procurement of a new contract for gas servicing
- Reduction in fees for managing major works programmes
- Co-location of staff with repairs contractor, Keir, to eliminate duplication
- Closure of two area offices.

4.5 Benchmarking results

In comparison with other inner London authorities, Islington (and therefore Homes for Islington as the council's managing agent) has the second lowest costs and has improved its efficiency over the last five years. The table below shows the average management and maintenance costs per tenanted unit for the twelve inner London authorities calculated by CIPFA (Chartered Institute of Public Finance and Accountancy). These are the total costs in the Housing Revenue Account for all management and maintenance work. The figures come from audited Housing Revenue Account data and are therefore consistent between authorities. The data has not been adjusted for inflation.

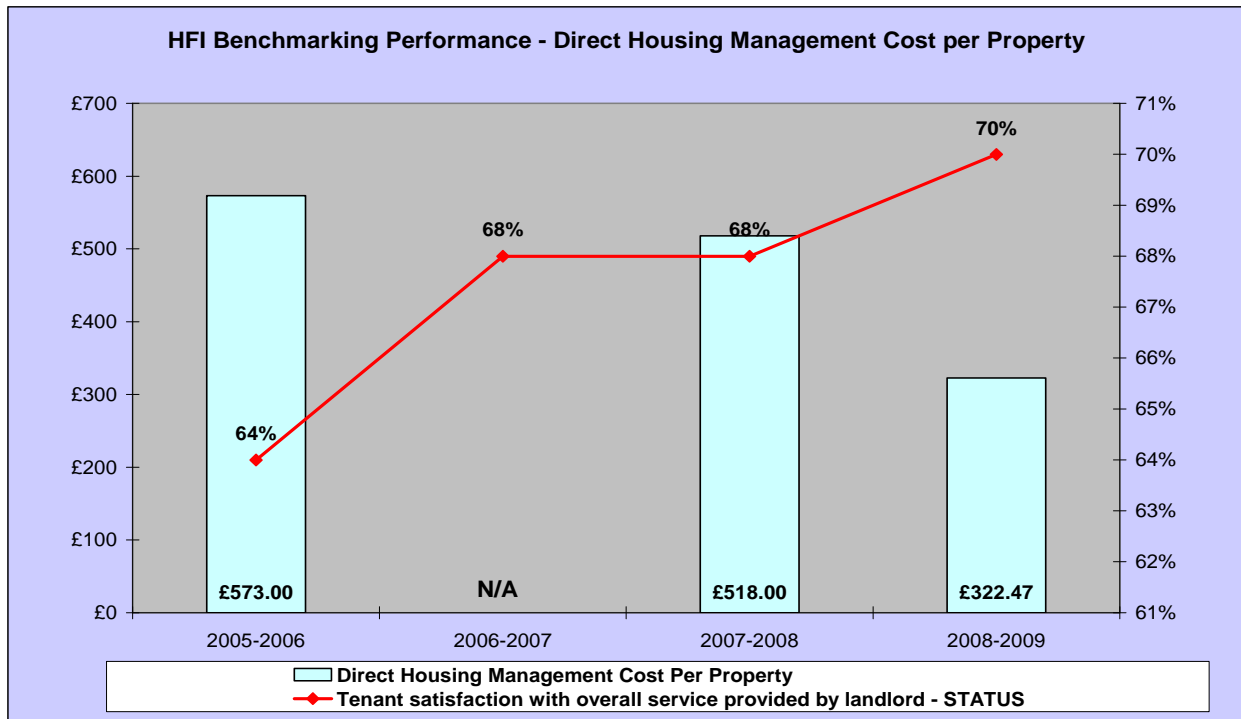
Average Management and Maintenance Costs per tenanted unit, Inner London Authorities										
	2009-10		2008-09		2007-08		2006-07		2005-06	
Providers:	M&M Per Unit	Rank	M&M Per Unit	Rank	M&M Per Unit	Rank	M&M Per Unit	Rank	M&M Per Unit	Rank
	£		£		£		£		£	
Camden	4,619	10	4,455	11	4,064	10	4,044	10	3,929	10
Greenwich	2,682	1	2,612	1	2,585	1	2,605	1	2,451	2
Hackney *	3,955	6	3,903	8	3,866	9	3,566	7	3,313	4
Hammersmith & Fulham *	3,790	5	3,545	4	3,480	6	3,364	6	3,495	7
Islington *	3,301	2	3,200	3	3,202	4	3,044	3	2,963	3
Kensington & Chelsea *	4,486	9	4,271	9	4,353	11	4,262	11	4,233	11
Lambeth *	3,674	3	3,884	7	3,195	3	3,269	5	3,321	5
Lewisham *	3,761	4	3,141	2	2,690	2	2,759	2	2,740	1
Southwark	4,013	7	3,777	6	3,831	8	3,887	9	3,620	9
Tower Hamlets*	4,742	11	4,952	12	3,339	5	3,109	4	3,583	8
Wandsworth	4,106	8	3,720	5	3,691	7	3,580	8	3,315	6
Westminster *	4,840	12	4,365	10	4,541	12	4,361	12	4,656	12
Average Unit Cost per Year For Inner London	£3,997		£3,819		£3,570		£3,487		£3,468	

* ALMO providers.
Source: CIPFA

HFI has participated in the annual Housemark cost benchmarking process since 2005. The benchmarking analyses housing management costs and enables comparison with other social housing landlords. However it measures only specific parts of the management process and therefore is not directly comparable with the CIPFA figures above. The Housemark process looks at rent arrears, tenancy management, estate services and management of repairs

The Housemark measure shows a similar trend to the CIPFA figures. HFI has significantly improved its efficiency since 2005 and the cost per property has fallen significantly. At the same time tenant satisfaction has risen (Figure 2).

Figure 2. HouseMark Housing management cost per property and tenant satisfaction with the overall service 2005 – 2009



NB. HFI did not carry out a benchmark of actual 2006/07 costs because of restructuring in area offices.
 Source: HouseMark

HFI will continue to use Housemark benchmarking to help identify specific service areas where efficiency could be improved.

5 HFI’s efficiency objectives

HFI’s mission is “to continuously improve housing for local residents, through sound investment, the effective management of resources and the relevant involvement of staff, residents and community partners”.

Value for money and efficiency have a significant role in HFI’s mission. We are committed to providing value for money in everything we do and will ensure we have effective mechanisms in place to test value for money, improve efficiency and improve our service to customers.

Our efficiency action plan (Appendix 1) details the actions we will take to achieve our objectives. Each action has a lead officer and a target date for completion.

5.1 Delivering value for money

This strategy describes how Homes for Islington intends to improve its efficiency, make sure all its activities are value for money and meet council and government objectives for efficiency gains. The main objectives for HFI are:

- **To improve efficiency and effectiveness of our housing management services and internal support services.**
- **For construction and property services ensure that each procurement provides value for money through competitive tendering and make all contracts subject to periodic review to ensure value for money is maintained.**
- **For goods and services such as computer equipment and payroll we will benchmark costs, tender contracts and participate in joint procurement to make sure we get value for money.**

Homes for Islington believes that quality of service is very important to its customers and the satisfaction of customers with the service they receive is the best test of how well HFI is performing. Quality however comes at a price, particularly in an industry that is dependent on people to deliver services.

We strive to offer the highest quality of service and at the same time provide value for money. We will continue to measure ourselves against others and make informed and conscious decisions about our efficiency so we can justify our costs against our quality of service and make sure we provide value for money.

6 How we will improve efficiency

6.1 A value for money culture

Homes for Islington's Efficiency and Procurement Review Group (EPRG) and the Service Efficiency Review Panel direct this strategy and works to ensure that the strategy objectives are realised. The Groups are chaired by the Chief Executive and includes Senior Management Team and Board Directors.

Achieving efficiency gains and improving services are closely tied in with HFI's business planning process. The annual budget and business planning process is designed to ensure that objectives are prioritised and resources are available to achieve them. Efficiency proposals, including the outcomes of service reviews, are included in business planning to make sure we can achieve them and the associated efficiency gains. Business planning includes consultation with customers and other stakeholders including the council. The business plan is approved by HFI's board and by the council annually.

6.2 **Service reviews**

The services we provide are subject to continuous change as we strive to make them more effective and meet changing customer demand. HFI carried out a comprehensive programme of service reviews over the four year period of its first efficiency and procurement strategy looking at services provided to customers and internal support services.

Service reviews are a productive way to examine services and identify how to improve their efficiency and effectiveness. HFI will continue to conduct service reviews in the period covered by this strategy but with a number of refinements.

HFI will prioritise the review programme so that it reviews those services that appear to be the least efficient or effective using the following criteria:

- Cost of the service;
- Current ability to provide the service;
- Performance compared with other landlords;
- Customer satisfaction;
- Opportunities to improve efficiency.

The service review methodology will continue to encompass the key features of best value reviews:

- Competition
- Consultation
- Comparison
- Challenge

The Efficiency and Procurement Review Group and Service Efficiency Review Panel will decide the review programme annually.

For each review EPRG / SERP will consider setting measurable targets. These will normally be cashable efficiency gains such as:

- Savings in pay and non-pay costs without a loss of service;
- Reducing the price paid for goods or services bought in without loss of quality or service.
- Identifying and eliminating unnecessary services;

In addition, reviews can also be set non-cashable targets such as:

- Improving productivity – doing more for the same cost;
- Improving customer satisfaction;

- Reorganising services to improve their effectiveness.

Each review will be conducted by a small team led by a senior manager from another service area to encourage greater challenge and objectivity.

6.3 Managing efficiency

HFI's senior management team has the responsibility of setting the annual budget for Board approval and managing spending within the overall budget. In the annual budget setting process HFI must ensure that it achieves the targets set by Islington Council and has the resources to provide the services required.

Service reviews will contribute to the efficiency goals of HFI but are unlikely to achieve the full amount of efficiencies that are required by the council and government. HFI is likely to need to make further decisions in order to meet its efficiency targets. It will aim to follow, as far as possible, these principles:

- Maintain core services to customers at the same or higher standard;
- Minimise fixed overhead costs including premises and IT;
- Make variable overheads such as human resources, accountancy and policy development as cost-effective as possible;
- Minimise the cost of goods and services purchased by HFI;
- If necessary, reduce non-essential services to maintain essential services;
- Maximise the opportunities to increase the income of HFI from grants and new business.

6.4 Working in partnership

Working with other providers in the local area to improve services and efficiency can bring positive benefits to Homes for Islington and its customers. HFI is part of the Islington Strategic Partnership and a leading member of the Islington Housing Group of social housing providers.

IHG is exploring how to make the best use of stock, stock investment and joint procurement. There are potential opportunities for joint working on community initiatives and IHG is developing local service standards.

HFI is exploring the opportunities to work in partnership or provide services and has already identified several which should be viable:

- Tackling unlawful occupation – HFI with its experienced housing investigations team is well placed to work with other providers.
- Antisocial behaviour – HFI has a well-organised antisocial behaviour team to provide an out of hours service in the evenings and weekends on estates.
- Shared use of HFI's four area offices.

- Steam cleaning and bulk refuse removal.

6.5 Trading opportunities

Homes for Islington has powers in its Memorandum of Association to provide services on a commercial basis in certain circumstances and has already done so in a number of cases. These include consultancy to other ALMOs wishing to improve their services and caretaking for an RSL. This kind of trading is expected to be small-scale so as not to affect HFI's core business but it brings in income which can be used to improve services and makes better use of resources. HFI will explore opportunities to trade where it can:

- Market its expertise and experience as a top-class provider;
- Provide services to other organisations by making better use of its resources;
- Extend services to customers and reach new customers.

6.6 Efficiency targets

Islington Council has set HFI a target of 3% year-on-year savings in its management fee from 2010/11 to 2012/13. HFI will aim to achieve this target and the prime efficiency objective of HFI will be to achieve the 3% efficiency savings without materially affecting the service as perceived by customers.

At the same time HFI will seek to improve its efficiency in comparison with other comparable organisations but these targets will be secondary to the management fee savings.

In Housemark benchmarks HFI will strive to achieve costs per property that are as good as or better than the median of the relevant London benchmark group of ALMOs without a loss of quality and service.

HFI will continue to reduce its overhead costs, particularly premises costs, and will improve the efficiency of repairs management (the client side).

Full details of efficiency targets are in the action plan at appendix 1.

7 Informing our decisions

7.1 Performance measures

Performance and quality of service are key elements of any value for money test. HFI collects data for a wide range of performance indicators which are used to manage performance and these are reported in several ways:

- A quarterly strategic performance report for HFI Board;
- A quarterly performance report to the Performance Management Committee of the Board;
- A high-level monthly report for senior management team;
- Detailed performance reports for each division and service director;
- A summary of annual performance in HFI's annual report;
- A performance report published monthly on HFI's website.

We will continue to develop our suite of performance indicators to cover all our services and devise measures that encourage service improvement and efficiency.

7.2 Benchmarking

HFI is a committed member of Housemark, the industry-wide organisation run by the Chartered Institute of Housing to promote data sharing and comparison of costs, performance and quality between member organisations.

Housemark collects data for a comprehensive suite of performance indicators that enable quarterly comparison of key housing services. HFI has played an active part in developing Housemark's performance indicators and will contribute its data regularly. We will make use of the comparative information to inform us where we need to improve and in conjunction with cost and customer feedback data to determine where efficiency gains can be made.

Housemark also maintains an extensive best practice library that assists benchmarking of policies and processes.

HFI participates in several Housemark benchmarking groups including:

- Housing management and organisational overhead costs;
- Unit cost of housing management activities;
- Housing service performance indicators;
- Antisocial behaviour costs and the Respect Agenda performance indicators;
- Major works costs and outcomes;
- Resident involvement;
- Contact centres.
- Tenant satisfaction
- Complaints

HFI is investigating joining HFI's repairs benchmarking club.

In addition HFI is a member of a group of London and South East ALMOs (arms length management organisations) to benchmark services to leaseholders.

7.3 Unit costs

Information on the unit cost of an activity, such as the cost of dealing with a complaint or a telephone call request for a repair, is valuable in testing value for money and improving efficiency.

HFI was a pioneer in developing a methodology to calculate unit costs and it has contributed to assessing value for money in service reviews. In 2008 Housemark adopted HFI's methodology to set up a benchmark group of ALMOs in which HFI participated. Housemark conducted benchmarks for the costs of a complaint, an eviction for rent arrears, reservicing an empty property, an antisocial behaviour case, payroll and paying an invoice.

HFI will continue to participate in unit cost benchmarking organised by HouseMark.

7.4 Consultation

Service improvement and efficiency gains cannot be effective without good consultation with our customers and other stakeholders including the council and HFI staff.

Homes for Islington has several well-established forms of consultation and we will use additional consultation methods where appropriate.

- **Consultative panels**

Five consultative panels covering four housing areas. The area panels include representatives of tenant and resident associations, tenant management organisations and elected representatives. Panels meet every two months and are chaired by a panel member.

- **Residents newsletter**

HFI publishes a regular newsletter that goes to all residents.

- **Staff newsletter**

HFI publishes a quarterly newsletter that goes to all members of staff.

- **Board and Performance Management Committee reports**

All Board and Performance Management Committee reports other than those that are confidential are published on HFI's website before and after each meeting and are available for scrutiny.

- **Liaison with trade unions**

The chief executive of HFI has regular liaison meetings with trade union representatives.

- **Resident satisfaction survey**

HFI conducts regular satisfaction surveys in accordance with the methodology (STATUS) prescribed by Communities and Local Government. This ensures that the results can be benchmarked with other organisations.

- **Satisfaction with the repair service**

We conduct regular call-backs to measure satisfaction of tenants after a repair has been completed.

- **Leaseholder satisfaction survey**

HFI also conducts a regular satisfaction survey of its leaseholders.

- **Resident Involvement register**

Nearly one thousand residents have put their names forward for the register to say they are willing to be consulted by HFI on services, initiatives and ideas.

- **Focus groups and mystery shopping**

HFI uses customer feedback methods such as focus groups, mystery shopping and exit surveys to get specific feedback from customers. Focus groups are commissioned as one-off exercises and HFI has a trained panel of volunteer mystery shoppers to test front-line services on a regular basis.

- **Repairs procurement resident panel**

A Resident Panel was set up in connection with the repairs and maintenance procurement process to ensure that the customer's voice was listened to throughout the process. HFI took account of resident priorities when making a number of strategic decisions about the structure and content of the contracts and setting new service standards.

8 Procurement

8.1 Introduction

In 2010/11 HFI will spend around £135 million procuring works and services from other agencies. Expenditure will fall, with the completion of the Decent Homes programme, but is likely to remain at over £50 million per year for the foreseeable future. Spending this money effectively is critical if HFI is to deliver the best possible services to residents.

HFI is re-procuring almost all of its building-related services from October 2010 following the expiry of the Kier Joint Venture contract. There will be four new partnering contract packages lasting up to 10 years. The principles set out in the strategy are being applied to this procurement and will be important for the numerous other procurement exercises which will be undertaken over the coming years.

8.2 Purpose

This strategy document aims to ensure that procurement planning reflects HFI's corporate aims and priorities. It summarises current policies but also sets out principles and a direction for future developments in procurement which should ensure that HFI consistently obtains best value when purchasing goods and services.

A separate document, entitled Procurement Rules, approved by HFI's Board, provides clear instructions for staff to ensure that the principles are complied with.

8.3 Procurement consultation

HFI will consult with its residents to ensure that the procurement process is designed around their needs.

Some goods and services are for use solely within HFI but the majority – those related to building and estate services – impact directly on the lives of residents. Choices have to be made and service and product specifications, service delivery and contractual arrangements need to reflect residents' priorities. Achieving a competitive price is of little benefit if the wrong product or service is procured.

HFI has in place a range of mechanisms for consulting and involving residents in contracts. These include:

- Undertaking resident surveys in relation to the services provided and addressing areas of concern within the existing contract or by drawing up a new one.
- Consulting with residents on the principles to be adopted in new contracts (for example through Consultative Panels).
- Actively involving residents throughout the procurement process, including contract packaging, setting service standards and specifications, evaluating and awarding contract and contract monitoring.

8.4 Transparency and fairness

HFI will procure its contracts in a consistent and transparent manner, to ensure fairness between contractors, compliance with legislation and to minimise the risk of challenge to the procurement process and of corruption.

These core requirements of any procurement strategy will be achieved through:

- A clear set of procurement rules, which set out the roles of staff and board members in the procurement process. The rules are mandatory and failure by staff to comply with them is a disciplinary offence. The rules will be reviewed periodically and whenever there is a significant change in legislation or regulations and staff will be trained in their use.

- Using broadly-based panels for evaluating tenders for larger contracts where tenders include a quality element. Ensuring, through the Procurement Rules, that panel members evaluate those elements of the tender which they are qualified to evaluate.
- A procurement unit which is responsible for providing advice and for ensuring that every procurement complies with the rules.
- Audits carried out by the Council's Internal Audit service.

8.5 A planned and pro-active approach

HFI will operate a planned and pro-active approach to procurement using the opportunities which re-procurement provides to re-think services and the way they are procured and delivered.

HFI's procurement team maintains a comprehensive contracts register, which can identify contracts nearing expiry. The Senior Management Team will be advised, on a quarterly basis, of contracts expiring in the next 12 -15 months and will consider options for providing the service before the procurement process begins.

8.6 New developments in procurement

HFI will keep up with new developments in procurement and contracting and be flexible in its approach, adopting new procurement techniques and forms of contract wherever these are considered beneficial.

The procurement environment is a constantly changing one and HFI will remain alert to the requirements and opportunities which this change brings. HFI will continue to evaluate and, where appropriate, adopt new forms of contract.

HFI has firmly embedded the EU procurement rules in its procedures and has moved forward rapidly on e-procurement, which results in more efficient processing of tender documentation and improved audit trails.

HFI will, where appropriate, use framework contracts (whether set up by itself, or by others) for procuring contractors and consultants. Mini-tendering will be used to ensure value for money when awarding work within these frameworks.

HFI favours partnering forms of contract which encourage the parties to work together to improve the service throughout the life of the contract. It also wishes contractors to take on more responsibilities, with a minimum of intrusion from HFI. However, HFI will require contracts to be clear with regard to the obligations of both parties, that it and its staff understand the implications of new types of contract and that it retains the controls and skills needed to client its contracts effectively.

HFI will procure goods and services jointly with other organisations where it is confident that this approach will deliver better value for money, without compromising the standard and accessibility of services to HFI and its residents.

Frameworks, and other new procurement initiatives, will always be tested for compliance with the requirements of leasehold consultation.

8.7 Promoting equality and diversity in procurement

HFI will, through its procurement activities, promote equality and diversity and opportunities for small and local businesses.

HFI will:-

- Ensure that our contractors and partners and those we buy services from do not operate discriminatory practices in employment or service delivery and that they adhere to good equalities practice in the employment of their staff and in the delivery of their services, in respect of impairment, gender, ethnicity, language, age, faith and sexuality.
- Provide opportunities for small and medium enterprises, black and minority ethnic businesses and local companies to develop links with main contractors and access opportunities for subcontracting.
- Ensure that contract packages and the financial requirements on tenderers do not unnecessarily exclude small or medium-sized contractors.
- Undertake equalities impact assessments, as part of its procurements, where appropriate.

8.8 Sustainability in procurement

HFI will promote sustainability and seek to minimise the negative impacts on the environment of the goods and services it procures. HFI will specify products which do not harm the environment, wherever possible.

HFI's code of conduct for contractors requires them to:-

- Comply with legislation and LBI/HFI policy with regard to environmental management and the achievement of environmental targets
- Have robust environmental management systems in place
- Have waste management plans in place for larger sites
- Achieve annual reductions in the carbon emissions of their fleet
- Protect water supply and drainage systems and avoid wasting water
- Minimise pollution from sites
- Protect bio-diversity
- Protect trees.

Environmental impact will, where appropriate, be an element in the evaluation of tenders.

8.9 Risk Management

HFI's risk management has been developed to make sure that risk to the business, and the community it serves, is properly recognised and managed. In all its procurement dealings HFI will consider possible opportunities but also identify risks, evaluate their potential consequences and manage those risks effectively at every stage of the process.

8.10 Working in partnership with the Council on procurement matters

HFI's procurement team will work with, and where necessary seek advice from, the Council's Strategic Procurement Team. Joint procurements will be undertaken where they are mutually beneficial.

HFI continues to procure services from the Council and will do so for as long as the services meet the required standards and provide value for money. HFI recognises that withdrawing from Council provision could, in some cases, undermine the viability of a Council service. In such a situation, HFI and the Council will seek to agree arrangements which meet HFI's need to provide a satisfactory service to tenants and leaseholders and the Council's need to provide effective services to the broader community.

9 Equality and sustainability considerations

Homes for Islington is committed to providing high quality services that meet the needs of all our diverse community. Improvements in our ability to provide services must include making services more accessible and appropriate to all our customers. We will make sure that our drive to improve efficiency promotes equality and diversity and is never at their expense.

Our equality and diversity strategy details the way in which we intend to promote equality and diversity both in service provision and in employment. We will continue to:

- Remove barriers preventing our customers from accessing our services or participating in our decision-making structures.
- Consult and involve all our customers in our work to promote equality and diversity.
- Promote a community in which all our residents can live freely of prejudice and discrimination and in harmony with each other.

- Complete equality impact assessments as part of the service review process.

Appendix 1

Efficiency Action Plan 2010 - 2013

	Actions	End Date	Lead	Measurable Outcomes	Resources	Progress
1	Efficiency					
1.1	Participate in annual HouseMark benchmarking exercise to monitor housing management costs over time and highlight areas of higher than average cost.	Annually	Director of Performance and Service Development	Annual HouseMark benchmarking report that benchmarks costs and performance. Homes for Islington data included in Housemark reports and used by HFI to monitor efficiency.	Within existing budgets	
1.2	Continue reducing housing management costs in line with the relevant benchmark group of inner London authorities	Dec-2013	Director of Operations	Housing management cost property is median level or better compared with the relevant benchmark group of inner London authorities.	Within existing budgets	
1.3	Maintain HFI overheads (HR, finance, IT, premises and other central services) cost per employee in top quartile compared with London benchmark group	Annually	Director of Resources	Overheads cost per employee is top quartile compared with London benchmark group of HouseMark.	Within existing budgets	
1.4	Achieve median level for premises costs compared with London benchmark group	Dec-2013	Director of Resources	Premises cost per employee is median level or better compared with London benchmark group of HouseMark in 2012/13. In 2008/09 equivalent to 16% reduction in cost per employee.	Within existing budgets	

	Actions	End Date	Lead	Measurable Outcomes	Resources	Progress
1.5	Aim to achieve top quartile for repairs management (client side) cost per property compared with London benchmark group.	Dec-2013	Director of Property Services	Repairs management (client side) cost per property is top quartile compared with London benchmark group of HouseMark in 2012/13. In 2008/09 equivalent to 34% reduction in cost per property.	Within existing budgets	
1.6	Benchmark HFI's fees for managing the capital works programme (planned and new build) with other London authorities.	Dec-2010	Director of Property Services	Benchmark results enable HFI to assess HFI's costs and set targets for improvement where necessary	Within existing budgets	
1.7	Achieve value for money for HFI's fees for managing the capital works programme (planned and new build).	Dec-2013	Director of Property Services	HFI capital works fees to match best performers in London benchmark group	Within existing budgets	
2 Service Efficiency Reviews						
2.1	Annual service review programme set in January each year taking into account available benchmarking information to inform any changes to the programme	April 2010 and annually thereafter	Director of Performance and Service Development	New annual programme of service efficiency reviews agreed in January each year.	Within existing budgets	
2.2	Set specific targets for each service review. These will include cashable and/or non-cashable targets.	April 2010 and annually thereafter	Director of Performance and Service Development	Service review targets set at PID stage	Within existing budgets	
2.3	Lead for each service review appointed from another service or division	April 2010 and annually thereafter	Director of Performance and Service Development	Service review lead nominated by divisional director and agreed by EPRG	Within existing budgets	

	Actions	End Date	Lead	Measurable Outcomes	Resources	Progress
3	Procurement and contracts					
3.1	Review of procurement rules and guidance on an annual basis	Annually by March	Director of Property Services	Revised procurement rules and guidance published annually reflecting changes in HFI Scheme of Delegations, legislation and EU regulations.	Within existing budgets	
3.2	Evaluate effectiveness of contracts.	Determined by contract	Director of Property Services	Contract reviews built into specification of tendered contracts. Evaluation of contracts to be undertaken at least every 2 years.	Within existing budgets	
3.3	Specify an efficiency target for re-procured contracts	Determined by contract	Director of Property Services	Efficiency target specified and achieved	Within existing budgets	
3.4	Maximise opportunities for partnering and collaboration through working with others including strategic partners, public sector agencies and consortia to maximise purchasing power and harness knowledge and the economies of scale.	Determined by contract	Director of Property Services	The number of collaboration exercises successfully undertaken.	Within existing budgets	
3.5	Explore opportunities for innovative procurement methods, including e-procurement, with the Council's Procurement Unit and other ALMOs	Determined by contract	Director of Property Services	Alternative methods of procurement embedded in HFI's procurement processes and used appropriately.	Within existing budgets	
3.6	Provide a simplified guide to all procurement stages on HFI's intranet	May-2010	Director of Property Services	Guide available on intranet. The number of hits registered on the pages	Within existing budgets	

	Actions	End Date	Lead	Measurable Outcomes	Resources	Progress
3.7	Ensure resident involvement in the procurement and monitoring of all contracts for the supply of services to residents	Ongoing for each contract	Director of Property Services	Involvement of residents can be demonstrated in the procurement and monitoring of each contract.	Within existing budgets	
3.8	Put in place a process for the regular review of HFI's procurement schedule and monitoring of procurement by the Senior Management Team	At least annually	Director of Property Services	Report to Senior Management Team at least annually with future procurement schedule and evaluation of completed procurements.		

Appendix 2

Service Efficiency Review Outcomes 2006 - 2009

The table shows the principal outcomes of the service efficiency reviews carried out between 2006 and 2009.

Service Efficiency Review	Key recommendations	Outcomes
Antisocial behaviour	<p>Develop a process to measure customer satisfaction.</p> <p>Introduce facility to report ASB online and reorganise website pages about ASB.</p> <p>Revise guidance and procedures for staff with new case management procedure.</p>	<p>6 monthly survey of residents who reported antisocial behaviour. Satisfaction with the way HFI dealt with a case increased from 63% in 2007/08 to 84% in 2008/09.</p> <p>Introduced in October 2007.</p> <p>Introduced September 2007.</p>
Customer access	<p>Introduction of Customer Relationship Management System</p> <p>Co-location of HFI call centre staff and repair contractor staff to improve handling of repair "chase up" calls.</p> <p>Enable customers to visit any area office for service queries.</p> <p>Analyse services by diversity to see who is accessing services and how they are provided</p>	<p>Implementation to start in 2010.</p> <p>Went live in 2007.</p> <p>Completed.</p> <p>Diversity mapping of complaints, rent arrears, repairs, antisocial behaviour, lettings completed and action plans put in place as a result.</p>
Estate services	<p>Introduce team working by caretakers so that on-site cover can be achieved more flexibly with less need for overtime payments.</p> <p>End recruitment of (more costly) residential caretakers and convert to non-residential caretakers.</p> <p>Retain weekend working by caretakers only at estates where it is essential and supported by local residents</p>	<p>Currently consulting with staff and trade unions on these changes</p>
Facilities	<p>Reorganise day and evening reception service at Highbury House to bring service in-house and integrate with facilities management team.</p> <p>Install mains filtered water coolers in all HFI offices.</p> <p>Increase recycling facilities across all HFI sites.</p>	<p>Completed March 2009.</p> <p>Completed.</p> <p>Recycling of paper, plastic bottles and tins in</p>

Service Efficiency Review	Key recommendations	Outcomes
		place.
HR processes	<p>Introduce on-line recruitment processes including applications, shortlisting, application management and candidate testing.</p> <p>Implement on-line process for Performance Development Reviews of staff</p>	<p>Pilot programme running from Sept 09</p> <p>To be operational from May 2010.</p>
Management of the Housing Revenue Account	<p>HFI and LBI agree HRA management responsibilities to avoid duplication.</p> <p>Review and reorganisation of HFI Finance staff structure to address capacity and staffing issues</p>	<p>Completed</p> <p>Completed 2009</p>
IT services	<p>Review staffing of ICT Team</p> <p>Investigate options to outsource IT and change network provider</p> <p>Negotiate 2-3 year discounted contracts with IT providers such as HFI's website.</p>	<p>One post deleted 2009</p> <p>To be completed May 2010</p> <p>To be completed March 2010</p>
Leaseholder services	<p>Align service charge collection procedures with those for rent collection</p> <p>Introduce on-line access for leaseholders to view service charge invoices, statements and account balances</p> <p>Merge RTB and Customer Services Teams in Home Ownership Unit and move to appointment only service as part of HOU relocation</p>	<p>To be completed March 2010</p> <p>To be completed March 2010</p> <p>To be completed April 2010</p>
Legal services	<p>Establish a clear pricing structure for work done by LBI Legal Services including fixed prices and unit charges.</p> <p>Re-wire legal services provision in HFI under one directorate</p> <p>Training for in-house lawyers in advocacy to reduce the requirement for external counsel</p>	<p>Completed</p> <p>Legal Disrepair and Service Charge Recovery Teams now report to Head of Governance. Completed 2009.</p>
Mechanical and electrical planned maintenance		All actions superseded by restructuring of Property Services Division
Payment processes	Centralise payment function from area offices to Highbury House	Completed

Service Efficiency Review	Key recommendations	Outcomes
	Introduce purchasing cards	Pilot in progress
Clienting of the repairs and maintenance contract	Restructure repairs clienting team and reduce posts Look at charging contractors if they have created a disrepair case (by failing to carry out work to required standard or in time) Begin clienting Tenant Compact and Adaptations work	To be completed October 2010 Completed. Three cases referred to Keir. To begin October 2010
Recharge policy for repairs	Fully publicise HFI's recharge policy to residents including on the website HFI Direct to apply the policy and make the charge Enable recharging of TMOs for repairs done by HFI that are the TMO's responsibility	Completed In operation In operation
Rent and arrears collection	Roll out SMS text messaging to remind residents about appointments Rent debit team to create non-residential tenancies to streamline process of setting up new accounts and prevent loss of income Incorporate HFI Court Team into Legal Team	In operation Implemented 2008 In place 2009
Resident involvement	Transfer provision of services to TRAs from FITA to HFI Increase the Resident Involvement Register to involve a broad and diverse range of residents Consider ways in which the monitoring of TRA AGMs can be made less onerous and bureaucratic	Completed 2009 and funding of FITA ended Over 800 residents on the Register To be completed April 2010
Online services	Enable residents to set up direct debits for rent and service charge payments on-line Enable renewal of parking permits by post and applications at any area office Put comprehensive guidance on applying for a parking permit on HFI website	To be operational 2010 Completed Completed
Translation and interpretation	Contract with BigWord telephone service and make available to	In place, enables better monitoring and greater

Service Efficiency Review	Key recommendations	Outcomes
services	partners HFI website to include text in main community languages and BSL and highlighted on front page Translation of documents limited to key documents and available for printing by staff on request	uptake of service Completed Completed. Annual report and some leaflets translated and available
Empty property management	Pilot the use of residential security at empty properties to reduce costs Enable new tenancies to start any day of the week instead of only on Mondays Replace decoration vouchers with a redecoration pack	To begin February 2010 Pilot in progress saving average of nearly 3 days per property Pilot in progress.
Communications (review to be completed 2010)		