

VICTORY HOUSING TRUST – VALUE MANAGEMENT PROGRAM

Biography:

Darryl Cox, Deputy Chief Executive, Victory Housing Trust



Darryl is responsible for providing Victory's housing management, property maintenance and development services, as well as deputising for the Chief Executive. He is a Chartered Architect with over 20 years' experience in housing at executive level, having worked in private practice and the public sector. He is a member of the Royal Institute of British Architects and the Institute of Value Management, and is a Board member of the Eastern Procurement Consortium. Darryl has lived and worked in Yorkshire, the Bahamas and Hampshire before moving to Norfolk 20 years ago.

Email: darryl.cox@victoryhousing.co.uk Web: <https://www.victoryhousing.co.uk/>

Mark Law, Founder & Senior Partner, Advanced Management Skills



Mark specializes in training value practitioners, professional consultants and facilitating VM studies and programs, such as the ones described in this paper. He is a Chartered Mechanical Engineer, Chartered Marketer and has a Master's Degree from London Business School. He is a Certified Value Specialist (CVS) from the Society of American Value Engineering and a certified Professional in Value Management (PVM) and Trainer in Value Management (TVM) from the Institute of Value Management. Visit <http://www.linkedin.com/in/marklaw/>

Email: mark@amskills.com Phone: +447739418568 Web: <http://amskills.com/>

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Abstract:

This paper describes Victory Housing Trust's Value Management Program. Social housing in the UK is under great budgetary pressure from central government. Victory Housing Trust adopted a value management program to optimize service quality for residents and at the same time achieve value for money. This highly successful VM program resulted in major improvements in customer service while simultaneously achieving substantial cost savings. Quotes from Victory Housing Trust's CEO and other senior executives about each of the value studies are included.

Background

Victory Housing Trust, a mid-sized housing association located in North Norfolk, is dedicated to providing high quality, affordable housing to social tenants. Victory is a not-for-profit enterprise and manages a wide range of properties such as apartments, houses and bungalows dating from the Victorian era to new builds. Like other housing associations, Victory faces the challenge of meeting the needs of multiple stakeholders. As well as tenants, these stakeholders include contractors and suppliers, Local Authority, Homes & Communities Agency, Housing Ombudsman, construction / building services regulators and Central Government.

National policy has always driven the delivery of social housing in the UK and in recent years has placed considerable pressure on the sector. Major recent changes include: the Under Occupancy Charge (aka the 'Bedroom Tax'), Universal Credit (a single welfare payment to replace six benefits) and recently a cut in the funding formula from CPI +1% to a real -1% cut in rentals for each of the next 4 years. This essentially means a 12% cut in Victory's rental revenues by 2020. One further development likely to have a major impact on the sector is the extension of 'right to buy' to housing association tenants.

On top of these sectoral changes there have been major developments in the business environment. These include opportunities arising from the deployment of modern information technology and the adoption of business practices such as outsourcing and partnership working. Furthermore there have been significant developments in energy efficient housing and associated regulations.

Victory responded to its many challenges by launching a formal value management program based on state of the art value management / value engineering practices as described in the European Standard CEN 12973 2000: Value Management⁽¹⁻³⁾. This case study describes the approach adopted, outcomes achieved and lessons learnt.

What is Value Management

Value Management (VM) is a highly structured, creative team based problem solving system developed over many years in the US, Japan and Europe. VM is designed to investigate and maximize value in products, services, projects, business processes and organizations. VM is facilitated by registered practitioners who are subject to stringent professional certification requirements in the UK by the Institute of Value Management and the USA by the Society of American Value Engineers.

Key stakeholders, such as tenants and the local authority are involved in a structured program of carefully planned business reviews. Practical recommendations for enhancing value are identified, developed and implemented. VM is formally described in the European Standard BS EN 12973 2000 and is often also referred to as value engineering, value analysis and value methodology.

1. Value Planning at Victory

“There’s been a bit of an earthquake in the sector which has required us to approach things in a totally different way. Value Management has definitely helped us respond in a much more resilient fashion and has played a key role in shaping our cultural journey.”

John Archibald, Chief Executive, Victory Housing Trust

The National Housing Federation specifies in its Code of Governance that Housing Associations have a duty to ensure: “that the organisation operates effectively, efficiently and economically”.⁽⁴⁾

To ensure good governance, the first phase in Victory’s VM program was to conduct a Value Planning Workshop. The purpose of this was to:

- Identify, prioritize and schedule an optimum program of VM studies
- Secure synergies with other Victory programs such as:
 - A major upgrade to core IT systems, including a new Housing Management and Customer Relationship Management system
 - Partnership working with key suppliers and contractors
- Identify and meet changes in the business environment such as the impact of:
 - The introduction of the Under Occupancy Charge
 - Phasing in of Universal Credit
 - Future government initiatives relating to housing policy (so far these have turned out to be the cut in funding formula from CPI +1% to a real -1% cut in rentals for each of the next 4 years and the extension of the ‘right to buy’ program to housing association tenants)

Victory’s Value Planning workshop involved a multidisciplinary team of employees and contractors facilitated by an independent certified value practitioner. During this workshop Victory’s operating environment was researched, current plans reviewed and functions analyzed from multiple stakeholder perspectives to identify the main business areas to be reviewed in a program of VM studies.

The team identified a total of 8 VM studies to be conducted in the course of 12 months. A board paper was produced identifying and prioritizing these studies which were then agreed and scheduled.

The Value Planning study ensured good governance by closely aligning the needs of key stakeholders, such as tenants, with the requirements of the business. The VM reviews were scheduled to ensure that they also supported Victory's other business development initiatives such as new IT systems.

2. VM Review – Responsive Repairs

"We've implemented most of the VM recommendations which have now become business as usual. The VM study also helped us introduce our new IT systems."

Ian Candlish, Assistant Director, Assets

There's nothing more frustrating for householders than a breakdown of their central heating, plumbing or electrical services. This is also true for physical damage such as leaking roofs and broken windows. Victory has long recognized that its responsive repairs service is a key driver of tenant satisfaction and the VM review identified many ways to improve these crucial repair services and enhance value for money.

A multidisciplinary team of Victory personnel, repairs contractors and tenants' representatives used VM to research and analyze Victory's Responsive Repairs Service and recommend improvements. During the course of four workshops, the team gathered key data about the service, benchmarked industry best practice and analyzed functionality from both Victory and residents' perspectives.

This provided a robust data platform for a creative workshop which generated 165 raw ideas for service improvements, cost reductions and the deployment of the new IT systems. Following an evaluation workshop 8 proposals were put forward in the VM Report to the VM Steering Group as recommendations for implementation.

Examples of the recommendations adopted included a redesign of workflows to provide a true 'one stop shop' repairs service, a reorganization to clarify management accountabilities and the deployment of the new Housing Management and CRM systems to automate processes.

3. VM Review – Voids Service

"Feedback from the tenants who participated in the study was consistently fantastic. They enjoyed the teamworking and valued the outcomes which made a real difference."

Christine Candlish, Assistant Director, Housing

Improving voids performance (i.e. minimizing lost rent due to empty properties) is a significant opportunity to improve value for money in most housing associations. Victory has long worked to minimize voids and enthusiastically used VM to identify further opportunities to improve the service.

A multidisciplinary team of Victory personnel, repairs contractors and tenants' representatives used VM to research and analyze Victory's Voids Service and recommend improvements. During the course of four workshops, the team gathered key data about the service, benchmarked industry best practice and mapped out current voids processes.

This was used to systematically challenge the way the service operated and drive a creative workshop which generated 185 raw ideas for service improvements, cost reductions and leverage the new IT systems. Following an evaluation workshop 17 proposals for immediate implementation were put forward in the VM Report to the VM Steering Group.

Examples of the recommendations adopted included:

- Adopting the practice of multiple simultaneous viewings to increase the effectiveness of the letting process, especially with new properties.

- Triggering the voids process as soon as possible after the tenant serves a notice to quit. This allows works to be more effectively scheduled and also removes people from the housing list.
- Clarifying management structure by making one manager accountable for Voids Performance.

Voids management is an ongoing, actively managed process and Victory's new approach allows it to be optimized in real time.

4. VM Review – Grounds Maintenance

"The accurate budgeting and delivery of grounds maintenance services was a big problem at one point. Following the VM review it has become a straightforward process".

Ian Candlish, Assistant Director, Assets

Successful, happy communities lie at the heart of Victory's vision and nothing contributes more visibly towards this more than a high quality grounds maintenance service. A multidisciplinary team of management, grounds maintenance contractors and involved tenants used VM to research and analyse Victory's Grounds Maintenance Service.

This provided an effective platform for a creative workshop which generated 82 raw ideas for service improvements and cost reductions. Following an evaluation workshop 8 proposals were put forward in the VM Report to the VM Steering Group as recommendations for implementation.

5. VM Review – Direct Debits

"The VM review helped us plan for changes in our business environment such as Universal Credit by encouraging tenants to pay us via direct debit. This has been very successful and helps smooth out our monthly cash flows."

Paul Morris, Assistant Director of Finance

Recent developments such as 'Universal Credit' was expected to have a major impact on the cash flows of housing associations following its introduction in 2014. A multidisciplinary team of housing management, finance and involved tenants used VM to research and analyze the way Victory currently runs its direct debits service and evolve it to be much more flexible service to meet tenants' needs in future years.

Following a detailed analysis of the service a creative workshop generated 28 raw ideas for service improvement and cost reductions. Following evaluation 2 proposals were put forward in the VM Report to the VM Steering Group as recommendations for implementation.

As a result of implementing these recommendations hundreds of people have now switched to paying by Direct Debit. This allows them to pay their rent any day of the month which allows them to synchronize their rent payments with their personal cash flows. This really helps tenants manage their finances better.

6. VM Review – Emergency Out of Hours Repair Service

"The VM review helped us optimise this outsourced service and further refine our requirements and deliverables to produce better outcomes for the service users".

Hugh Unwin, Assistant Director of Customer Support

Like other housing associations, Victory needs to offer its tenants an Emergency out of Hours Repair Service. This was a high cost low volume service which a previous review identified was best outsourced. The outsourcing contract had been awarded to a leading housing association which was offering out-of-hours repairs as a shared service. The idea behind this is that multiple housing associations can outsource their service to the lead association and they can all benefit from the resulting economies of scale.

Victory was very satisfied with the outsourced service which had been operating for 6 months and it was decided, in a spirit of cooperation, to conduct a mini value study in which Victory and its contractor would

work together to find further service improvements. A multidisciplinary team of management, outsourcing organization, repairs contractors and involved tenants used VM to research and analyze Victory's Emergency Out of Hours Repair Service and recommend improvements.

Following a detailed analysis of the service a creative workshop generated 63 raw ideas for service improvement and cost reductions. Following evaluation 6 proposals were put forward in the VM Report to the VM Steering Group as recommendations for implementation.

An Uncertain World...

The service continued to be delivered well when, following recent government policy changes, the contractor withdrew its shared emergency repairs service for external customers. This has resulted in Victory needing a fresh review to explore future service delivery options.

7. VM Review – Tenant Focus Groups

“Tenants really valued the opportunity to participate in focus groups and feed their ideas into the value studies. It was an opportunity for them to really think creatively about how they would like to see Victory deliver some of its key services”.

Janet Hare, Housing Operations Manager

In addition to tenants' involvement in the VM workshops described above, two 2-hour focus groups were run as part of the Victory Academy program during which 13 tenants contributed the following recommendations:

- 5 ideas for improving general interactions with Victory
- 21 ideas for improving Responsive Repairs
- 13 ideas for improving the Voids Service
- 16 ideas for improving 'Community Value'

The feedback from participants was excellent and their recommendations were incorporated in the VM review reports described above.

Key Learning Points

The main learning points for other organizations thinking of using value methodology (value management, value engineering or value analysis) to improve services are as follows:

1. Ensure that the initial terms of reference are correct and that the program is properly planned via a Value Planning Workshop such as the one organized at Victory.
2. Involve key stakeholders throughout the process to gain their buy-in and help in identifying value adding and value destroying functions and activities. These include customers and key contractors.
3. Leverage the expertise and experience of your people through multidisciplinary team working. This also ensures commitment to implementing recommendations.
4. Identify best practice within your industry and beyond through a process of structured benchmarking.
5. Ensure that the VM Work Plan / Job Plan is fully followed to realize the full creative potential of the team. If VM teams are not identifying dozens of potential improvements they will be missing major opportunities. The VM process ensures that full value is being delivered by the review.
6. Use external professionally certified VM facilitators and trainers to ensure that full value is secured from the process.

References:

- (1) BS EN 12973:2000 Value Management European Standard
- (2) BS EN 1325:2014 Value Management Vocabulary. Terms and definitions.
- (3) BS EN 16271:2012 Value Management – Functional expression of the need and functional performance specification – Requirements for expressing and validating the need to be satisfied within the process of purchasing or obtaining a product.
- (4) Essential Functions of the Board and Chair: C1 (3) Ensuring that the organization operates effectively, efficiently and economically. Source: Code of Governance: Promoting Board Excellence for Housing Associations (2015 Edition) published by the National Housing Federation.