

Social housing efficiency: Frequently Asked Questions (FAQ)

What was the "Gershon Review"?

The aim of the Efficiency Review (informally known as the Gershon Review) was to ensure that frontline workers get the resources they need to do their job even better, and that bureaucracy that can get in their way is removed. Put simply the aims were: To release resources into frontline services, out of activities which can be undertaken more effectively.

Isn't this all about making cuts in services?

No, this is about achieving more and better results for the same level of resources. It's about "more from the same".

Do you expect the £835m efficiency target to be exceeded?

We expect the social housing sector to achieve £835million efficiency gains by 2007/08, but we do not underestimate the efforts required to do this. However, greater gains may be possible, and we would encourage local authorities and RSLs to seek to exceed the target to provide even better value for money in their services to the public.

How did you reach the £835million target?

It's based on a 2.5% saving on social housing across the board. Given the savings achieved through various pilot projects we believe this is realistic and achievable.

So we should be looking at making 2.5% savings in every organisation?

No. We would caution against 2.5% "cuts" as a starting point. It may be that an organisation is already relatively lean in the way it operates, but that 2.5% gains are delivered through improvement in the service through outcomes for tenants. Don't forget our starting point is improving the quality of service.

How will efficiency be measured?

The methodology for measuring efficiency gains will be set out in the **final version** of the Social Housing Efficiency Technical Note (ETN). A link to the latest version is provided at the foot of this document.

Won't this just mean more data and therefore more burdens on organisations?

No. The aim is to minimise the burden for housing service providers and the methodology set out in the ETN is based as far as possible on data which is already collected for other statutory, regulatory and performance management purposes.

Inflation runs at higher rates for some elements of housing service costs (eg construction). Does the methodology take full account of this?

Yes. Building cost inflation is built into the methodology. But organisations can influence it too - they need to be imaginative and think about controlling costs. An example of this is Fusion 21 which kept down labour costs through managing the supply chain.

Will my organisation be able to count efficiency gains made in 2004/05 against the 2007/08 target?

Efficiency gains achieved in 2004/05 can be scored against 2005/06 if the gains can be demonstrated to last through the Spending Review period (up to 2007/08).

I'm not clear as to the position of the HRA. How should we construct our social housing baseline?

All efficiency gains you make in social housing, including efficiencies made in HRA revenue expenditure, will count against the local government target which is for LAs, schools, police and the fire service together to achieve efficiency gains worth at least £6.45 billion a year by 2007-08.

The £6.45 billion local government target was set as 2.5% of baseline expenditure, excluding HRA revenue expenditure. There are absolutely no plans to increase the £6.45 billion target by including HRA revenue expenditure within the baseline.

The minimum reporting requirements for LAs in relation to social housing are to report in their AES, as a cash sum, the efficiency gains delivered in the previous financial year in both housing capital spend (roughly equivalent to spend on housing capital works); and housing operating expenditure (roughly equivalent to spend on housing management and maintenance services).

Will you be imposing solutions on local authorities and RSLs that do not meet expectations?

We believe the overwhelming majority of local authorities and housing associations are keen to improve the service they offer to the public.

It is for organisations themselves to explore and implement solutions which best suit their particular circumstances. Our requirement is that they demonstrate a serious commitment to finding the strategic approach which best meets their needs. Where they do not do this, we will consider the measures already available through regulatory and inspection frameworks to address this.

What is the right balance between encouragement, incentives, directions and sanctions to make efficiency gains?

We need to talk and work with local government and RSLs to achieve the target. We want the social housing sector to tell us about best practice that is out there. We are also making available £33million through the Efficiency Loan Fund to help in setting up local procurement consortia. But the real incentive will be the opportunity to recycle savings to fund frontline services.

Where can we get information on best practice?

Some examples of best practice are highlighted on the ODPM website. We are looking for further examples of best practice and local authorities and RSLs should send any they have available to socialhousingefficiency@odpm.gsi.gov.uk

The Audit Commission have also been commissioned to identify innovative approaches to efficiency in management and maintenance, to form part of 'efficiency toolkits' to be published later this year. The Audit Commission have established a website portal at: www.audit-commission.gov.uk/housingefficiency/index.asp.

What is 'system thinking'?

It's about looking at the purpose of a system from the customer perspective and removing the parts of the system which do not benefit the customer. It essentially analyses work flows from beginning to end to find areas of wasted effort.

What is Fusion 21?

A partnership organisation based in Merseyside which has delivered net savings of 7.5% on capital repairs projects for its members through:

- 'work-smoothing' capital repairs programmes of member organisations into a package over several years, providing clear demand signals to the supply market;
- operating the collective purchase of repairs materials including: agreeing common specifications across member organisations; assembling the supply chain using a partnering approach to secure greatest efficiencies rather than greatest discount; using local suppliers where cost neutral for community benefits; enabling client organisations to purchase range of products on line as required from preferred suppliers at significant cost savings;
- operating the collective purchase of labour for capital repairs projects including: allowing local firms to compete with the big players by separating the procurement of labour and materials; training and providing construction jobs for 570 local job seekers, expanding the restricted local labour pool; providing certainty of demand for selected firms, enabling them to grow their business and maximise efficiencies.

Is Best Value dead? Has it been replaced by efficiency?

No. Efficiency has always been an integral part of Best Value. Under the statutory duty of Best Value, local authorities must secure continuous improvement in their functions and services they provide, having regard to a combination of economy, efficiency and effectiveness.

The Housing Corporation's Regulatory Code expects all RSLs to be using continuous improvement to drive improved service delivery.

The current efficiency agenda, with its emphasis on raising productivity and enhancing value for money without reducing quality, reinforces and complements these requirements.

What is the ODPM doing about its own efficiency?

ODPM is committed to reform its corporate services and will achieve £25m efficiency gains in these areas. There have been a number of initiatives taken forward in the past months: ODPM and Cabinet Office internal audit services have merged; in the process of establishing a Human Resources Shared Service Centre with Home Office and Treasury; re-organising and rationalising the ODPM Library Service; put in place a new contract for Integrated Facilities Management.

What is the Office of Government Commerce?

"OGC" works with government to improve procurement and project/programme management - it is responsible for implementation of the overall programme.

What are change agents and where have they come from?

Change agents, or specialist support teams, are the bodies who will help to deliver change in the sector through their expertise and experience.

What are the Regional Centres of Excellence?

The Regional Centres for Excellence (developed from the Regional Centres of Procurement Excellence) will disseminate best practice, promote partnerships, and act as a focus for procurement consortia.

What's the relationship between RCEs and social housing efficiency?

The appointed national change agent will work closely with each of the nine Centres of Excellence as well as other national, regional, and sub-regional stakeholders. Close relationships with the Regional Centres of Excellence will help to ensure the right links are made between housing and other local authority procurement initiatives at regional level. The Housing Corporation will consider the options for establishing links with the local authority RCEs and for the establishment of an RSL Centre of Excellence.

Comments or enquiries about this document should be addressed to:

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