

NOTTINGHAM CITY HOMES

HOUSING MANAGEMENT
SERVICES COMMITTEE
21 JUNE 2010

REPORT OF MARGARET PUGSLEY

YOU DECIDE WE PROVIDE

1 SUMMARY

- 1.1 The purpose of the report is to present to the Housing Management Services Committee the results of the pilot programme of the tenant-devised decorating scheme 'You Decide, We Provide'.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Housing Management Services Committee approve the adoption of the scheme subject to a tender process in accordance with the Company's Standing Order: Part 2 Financial Regulations.

3 REPORT

3.1 Background

Three tenants, Margaret Pugsley, Sue Stevenson and Alison Thorpe, were taxed approximately 2 years ago to look at the existing decorating voucher scheme and devise another, customer-focused, resistant to fraud and cost-effective scheme. This became 'You Decide We Provide' and started its six-month pilot in October 2009.

3.2 'You Decide We Provide' Scheme

- 3.2.1 The scheme is a points-based system governed by the condition of decorating within a void property. Surveyors, using a specially devised template at the void stage, decide the amount of points which are allocated to each property.
- 3.3 At the letting stage, the incoming tenant is informed of the number of points available to them and given a catalogue containing paint and emulsion colour chart and other necessary decorating items. The tenant completes an order form after deciding which items they would like. They then contact the Lettings Team with their requirements.
- 3.4 Orders are then faxed through to the supplier, who contacts tenant regarding delivery. Deliveries are made to the tenant's home at the tenant's convenience. Tenancy Agreement must be produced on delivery.
- 3.5 Although some criticism has been levelled at the range of colour choice,

the intention was to encourage the use of lighter shades which would in part negate the need for extensive redecoration before properties are relet. The range of colours has been extended as a result of tenant feedback.

- 3.6 The procedures are more convenient for tenants, removing lengthy waiting times at Housing Offices, where vouchers were originally collected and provides a doorstep delivery of the goods at the tenant's convenience.
- 3.7 The protocols in place also significantly reduce the risk of fraud as checks are undertaken to ensure the materials have been used on the property.
- 3.8 The scheme was originally marketed to tenants as a 'Gift Scheme'. However Property Services were required to reduce the amount of redecoration carried out in void properties during the pilot period. The impact of this is that the majority of properties do require some element of redecoration when relet.
- 3.9 Satisfaction surveys were done at a 12% sample rate of 822 customers with an overall satisfaction score of 8.06. (Appendix 1). An evaluation of the scheme, showing objectives and outcomes is shown in full in Appendix 2.

4 OTHER OPTIONS

- 4.1 Prior to the commencement of the pilot scheme other options were considered;
- To remain with the existing scheme. This was deemed not to be a viable option because it was open to fraud, was costly and time-consuming, and not considered customer-friendly
 - Offer cash instead of vouchers. The cash could be used for any purpose other than what was intended
 - Rent-free weeks could be offered. This used to be offered before the voucher scheme came into force but does not ensure standards of decoration are raised within properties
 - Use a market scheme devised by one of the big companies e.g. B&Q. NCH would not be able to 'brand' the scheme as its own
 - To offer nothing at all and for the company to decorate properties instead. This option was likely to increase voids and turnover times resulting in lost income to the Company. It also gave the tenants no choice.

5 FINANCIAL AND RISK IMPLICATIONS

- 5.1 If the Housing Management Services Committee agree to the pilot becoming a full-fledged scheme a tendering process will need to be undertaken to comply with the Company's Standing Order: Part 2 Financial Regulations.
- 5.2 The scheme has measures built into it e.g the recording of information on

the computerised system, tenancy checks etc. The checks cover all of the processes from the transparent assessment of awards to the delivery process; this will prevent the likelihood of the occurrence of fraud.

- 5.3 During the pilot period the Company has let the highest number of properties since it was formed, 245 more properties were let in the year 2009/10 than the previous year. The scheme has supported the Lettings Process and there is no evidence that it has impacted on performance of the re let times of void properties in a negative manner.
- 5.4 A risk assessment was conducted prior to the pilot commencing and a further assessment has been undertaken;

Risk	Evaluation	Re assessment
Supplier may not effectively deliver service due to fluctuating service demands	Despite record lets in the month of January, over 100 more properties than average, the service was delivered by the supplier effectively throughout the pilot	Service demands have levelled out and due to more effective processes are unlikely to exceed the levels of the last six months
Customers may not be satisfied with new scheme There may be insufficient choice to meet customers' expectations	Customer surveys demonstrate acceptable levels of satisfaction, as a pilot the platform for improvements has been set	Changes in interior fashions and customer expectations should be used to evaluate the scheme on an ongoing basis
The scheme has taken longer to deliver than planned	Despite the delays in the pilot starting it had allowed for several issues to be explored in depth which has resulted in an effective scheme being piloted	N/A

- 5.5 The following demonstrates how the scheme has delivered savings to the Company:

The average expenditure per void property in the year 2008/2009 was £199. During the pilot period October 2009 – March 2010 the average expenditure was £140 per property. (See Appendix 3) Therefore an average saving of £69 per property was made.

- 5.6 During quarters 1 and 2 of 2009/10 Property Services undertook internal decoration works during the void process, the standard of which resulted in increased expenditure. The cost of which was unsustainable and had been a short term measure only to assist the reduction of lettable voids.

The pilot scheme was introduced at the beginning of Quarter 3 for a period of 6 months. It is therefore more difficult to compare the variables and costs of the two schemes.

- 5.7 If the number of properties let in 2008/09 had been decorated to the standard of those properties let in the pilot period, with the average points award, the Company would have saved £156,409 on the actual decoration expenditure of that year.
- 5.8 Since the standard of re-decoration of the properties has been reduced the scheme has provided increased assistance to customers to purchase materials to decorate their new home.
- 5.9 The overall cost of the scheme appears to be the same as the previous voucher scheme; however the amount of products provided to our customers has significantly increased.
- 5.10 For example the average number of points awarded per property was 136. This would allow a customer to purchase up to 85 litres of emulsion paint. If £136 had been awarded via the previous voucher scheme the customer could have only been able to purchase up to 40 litres of emulsion paint.

The scheme has shown a saving of £11,230 in the purchase of emulsion paints alone.

- 5.11 It should also be noted that work is currently underway to ensure all vouchers issued for the Secure Warm and Modern programme are not charged to the Lettings Decoration Voucher budget. This may have contributed to the 2009/2010 overspend.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 6.1 The scheme and staff procedures have been devised from start to finish by tenants. It is in line with the company's vision statement of 'delivering excellent services' by offering choice and delivering value for money. It is innovative, with nothing exactly the same among other housing providers, although elements may be found elsewhere
- 6.2 The scheme came to the attention of the Audit Inspectors in November 2008 and they are keen to come back and see the scheme working.

7 VALUE FOR MONEY AND EFFICIENCY ISSUES

- 7.1 The scheme was devised to enable tenants to get more products and the cost to the company to be less, with better quality products being available. The new scheme is also less resource-intensive. Goods are delivered only to the intended property and at the six-week new tenancy visit tenants must show that the products have been used for their intended purpose, otherwise recharges can be made.
- 7.2 Whereas under the voucher scheme, NCH paid for the full value of the voucher, now that a discount has been negotiated with the supplier, the

company can make substantial savings. In addition, only the goods purchased with the points are invoiced so any under-spend by a tenant is an extra saving to the company.

8 EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 Consideration was given to Equality and Diversity at all stages of the process. Home delivery and selection assists those tenants with disabilities, young children or those who go out to work. Delivery appointments assist those who need someone with them for health or religious reasons and the availability of female drivers enables deliveries to lone females for religious or other reasons.
- 8.2 The scheme also eliminates the customer having pay for transport to redeem their vouchers and collect their products; this was a problem for many groups, particularly older customers and those with young children on a low income.
- 8.3 A full Equality Impact Assessment will be carried out.

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1 Anecdotal evidence was initially used, in the form of 'personal experience' discussions with staff and customers, and through telephone surveys and mystery shopping exercises (two members of staff and two tenants).
- 9.2 The scheme was further developed in consultation with customers, Voids and Lettings, surveyors and Housing Office personnel (via Team Brief). The team received presentations from PPG Johnstones and ICI and conducted mystery shopping exercises at local depots. Other schemes round the country were discussed, specifically Whitefriars (ICI) and Sterling (PPG Johnstones).
- 9.3 Finally, price comparisons were made between Wilkinsons, one of the most popular providers under the voucher scheme, at point-of-sale, and PPG Johnstones discounted price. (Appendix 4)

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Date: 10 June 2010